

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

GOSHEN COMMUNITY SCHOOLS
ELKHART COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
06/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jerry D. Hawkins	07-01-14 to 08-08-17
	(Vacant)	08-09-17 to 08-13-17
	Kelley D. Kitchen	08-14-17 to 06-30-18
Superintendent of Schools	Dr. Diane B. Woodworth	07-01-14 to 06-30-18
President of the School Board	Jane Troup	01-01-14 to 12-31-14
	Catherine Cripe	01-01-15 to 12-31-16
	Felipe Merino	01-01-17 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF GOSHEN COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

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



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

TO: THE OFFICIALS OF GOSHEN COMMUNITY SCHOOLS, ELKHART 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 Goshen Community Schools (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, 2016-002, and 2016-003 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 items 2016-001, 2016-002, and 2016-003.

Goshen Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

May 14, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

GOSHEN COMMUNITY SCHOOLS
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	\$ 13,905,009	\$ 45,143,534	\$ 44,735,089	\$ (258,073)	\$ 14,055,381	\$ 45,758,003	\$ 49,120,363	\$ 187,993	\$ 10,881,014
Debt Service	1,083,018	9,751,309	10,242,176	-	592,151	11,167,460	10,392,224	-	1,367,387
Retirement/Severance Bond Debt Service	256,681	172,543	687,297	258,073	-	-	-	-	-
Referendum Debt Exempt Capital	-	419,266	273,000	-	146,266	1,245,901	908,000	-	484,167
Capital Projects	5,741,835	3,951,803	4,101,968	57,032	5,648,702	3,207,298	7,773,232	33,852	1,116,620
School Transportation	1,014,672	2,485,881	2,227,504	-	1,273,049	2,301,136	2,318,195	2,677	1,258,667
School Bus Replacement	63,396	449,431	1,457	-	511,370	418,305	912,701	-	16,974
Rainy Day	5,605,472	25,051	150,722	-	5,479,801	288,762	22,751	-	5,745,812
Retirement/Severance Bond	879,471	3,213	86,866	-	795,818	2,735	53,243	-	745,310
Construction	3,600,000	-	2,471,673	-	1,128,327	-	1,128,327	2,000,000	2,000,000
School Lunch	1,973,025	3,370,237	3,935,484	-	1,407,778	4,610,986	3,873,460	-	2,145,304
Textbook Rental	804,756	1,499,175	336,600	-	1,967,331	922,641	513,527	-	2,376,445
Self-Insurance	2,005,307	1,575,644	1,215,496	-	2,365,455	7,913,554	9,576,165	8,658,190	9,361,034
Levy Excess	-	2,677	-	-	2,677	-	-	(2,677)	-
Oakiawn	149,065	-	-	-	149,065	-	-	(149,065)	-
2012-13 ECSEC	2,888,729	-	-	(2,888,729)	-	-	-	-	-
2013-14 ECSEC	(2,567,103)	(2,238,706)	817,685	5,624,413	919	-	(4,089)	-	5,008
2014-15 ECSEC	-	14,222,404	8,290,389	(2,735,684)	3,196,331	994,541	755,321	(3,435,466)	85
2015-16 ECSEC	-	-	-	-	-	7,703,338	8,371,000	3,435,466	2,767,804
Spectrum 2010-2011	38,928	-	-	-	38,928	-	-	(38,928)	-
ISB/ISD Transportation	1,101	211,077	21,896	-	190,282	(179,590)	-	-	10,692
Child Care Program	4,768	43,399	48,167	-	-	65,098	55,100	-	9,998
Educational License Plates	13,183	281	-	-	13,464	544	-	-	14,008
Alternative Education	97,554	44,555	55,868	-	86,241	50,220	52,584	-	83,877
12-13 Merit	27,941	-	-	(27,941)	-	-	-	-	-
13-14 Merit	(421,727)	530,613	114,373	5,487	-	59,624	-	-	59,624
14-15 Merit	-	267,155	783,516	22,454	(493,907)	908,015	97,751	(290,529)	25,828
15-16 Merit	-	-	-	-	-	625,300	868,215	290,529	47,614
ECC/Waterford School	1,207	-	-	-	1,207	-	-	-	1,207
IB Testing Fees	25,442	25,693	-	-	51,135	13,430	-	-	64,565
AHC/Health Careers	2,231	-	-	-	2,231	-	-	-	2,231
West Goshen Uniforms	-	4,450	502	-	3,948	-	77	-	3,871
CPR Training	1,284	1,680	312	-	2,652	1,620	396	-	3,876
IU Health Parkside	3,500	3,500	3,500	-	3,500	-	3,500	-	-
County Kids Create	11,339	430	177	-	11,592	464	68	-	11,988
Model Playground	3,238	-	-	-	3,238	-	-	-	3,238
Wysong Donations	-	4,000	-	-	4,000	70	-	-	4,070
2014 Chamberlain Playground	(41,965)	91,630	49,665	-	-	-	-	-	-
Jim Alber Project	18	1,529	1,273	-	274	2,000	630	-	1,644
Chamberlain-Healthy Snack	-	-	-	-	-	6,000	4,655	-	1,345
Support Group Donations	41,400	(40,750)	-	-	650	-	-	-	650
ECSEC Equipment	-	8,442	7,994	-	448	-	448	-	-
Seal Mobile	5,471	-	2,467	-	3,004	-	3,004	-	-
Model Reading	-	5,000	-	-	5,000	-	-	-	5,000
GMS Mentor Program	2,014	6,671	8,685	-	-	5,624	5,624	-	-
Reading Camp	6,375	4,290	2,958	-	7,707	3,990	178	-	11,519
Reading Donations	-	1,000	-	-	1,000	-	-	-	1,000
GMS Retention Pond	-	-	-	-	-	500	-	-	500
Waterford School Garden	-	-	-	-	-	2,000	170	-	1,830
Donations-General	-	-	-	-	-	33,787	11,935	-	21,852
GMS Pool	-	-	-	-	-	6,208	5,399	-	809
Coca Cola	-	-	-	-	-	12,211	-	-	12,211
Formative Assessment	-	-	-	-	-	52,143	52,143	-	-
2012-13 High Ability	16	-	16	-	-	-	-	-	-
2013-14 High Ability	37,353	-	18,587	-	18,766	-	18,766	-	-
2014-15 High Ability	-	49,330	24,945	-	24,385	138	24,523	-	-

GOSHEN COMMUNITY SCHOOLS
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
2015-16 High Ability	-	-	-	-	-	51,287	(37,328)	-	88,615
Computer Consortium/Ed Tech Advance	103,785	3,321	-	-	107,106	44,517	500	-	151,123
Common School Loan 1	-	-	395,454	-	(395,454)	500,000	104,546	-	-
Common School Loan 2	(8,588)	-	138,818	-	(147,406)	219,963	430,567	-	(358,010)
Common School Loan #A1442	(56,585)	215,737	159,152	-	-	-	95,174	-	(95,174)
Common School Loan 4	(200,000)	489,000	289,000	-	-	-	-	-	-
Early Childhood Intervention (First Steps)	(53,773)	-	101,538	-	(155,311)	303,145	102,605	-	45,229
Secured Schools Safety Grant	(16,875)	-	67,132	-	(84,007)	49,995	35,743	-	(69,755)
NESP	53,350	-	53,350	-	-	-	-	-	-
2014-15 NESP	-	171,420	92,577	-	78,843	-	6,892	-	71,951
2015-16 NESP	-	-	-	-	-	350,785	214,367	-	136,418
Performance Based Awards	-	-	-	-	-	84,889	84,889	-	-
United Way Volunteer 2014	24,970	7,350	-	-	32,320	27,173	-	-	59,493
MSP Robotics	-	-	-	-	-	2,500	521	-	1,979
Tech Warranty Repair	-	-	-	-	-	11,146	716	-	10,430
2013-14 Title I Part D	(27,508)	65,636	38,128	-	-	-	-	-	-
2014-15 Title I Part D	-	9,065	49,409	-	(40,344)	60,705	24,021	-	(3,660)
2015-16 Title I Part D	-	-	-	-	-	27,200	44,282	-	(17,082)
2012-13 Title I Basic	(176)	-	(176)	-	-	-	-	-	-
2013-14 Title I Basic	(299,596)	884,783	585,187	-	-	-	-	-	-
2014-15 Title I Basic	-	905,488	1,109,892	-	(204,404)	198,374	235,971	-	(242,001)
2015-16 Title I Basic	-	-	-	-	-	591,176	908,387	-	(317,211)
2014-15 1003g School Improvement	-	211,652	273,504	-	(61,852)	272,140	211,729	-	(1,441)
2015-16 1003g School Improvement	-	-	-	-	-	265,407	381,294	-	(115,887)
2014-15 1003a School Improvement	-	-	12,211	-	(12,211)	38,785	26,875	-	(301)
2015-16 1003a School Improvement	-	-	-	-	-	-	2,381	-	(2,381)
2012-13 Spec Ed Part B	(104,077)	-	(104,077)	-	-	-	-	-	-
2013-14 Spec Ed Part B	(450,087)	1,817,976	1,367,889	-	-	454,479	-	-	454,479
2014-15 Spec Ed Part B	-	3,997,359	3,791,906	-	205,453	933,220	1,138,673	-	-
2015-16 Spec Ed Part B	-	-	-	-	-	3,190,904	3,516,790	-	(325,886)
Technical Assistance Grant	(1,530)	37,678	44,067	-	(7,919)	20,061	6,368	-	5,774
2013-14 Spec Ed Preschool	(36,266)	124,814	88,548	-	-	3,233	-	-	3,233
2014-15 Spec Ed Preschool	-	154,620	171,892	-	(17,272)	57,696	40,424	-	-
2015-16 Spec Ed Preschool	-	-	-	-	-	126,044	183,098	-	(57,054)
Perkins Grant	9,000	-	-	-	9,000	-	9,000	-	-
Medicaid Reimbursement - Federal	352,436	233,510	44,477	-	541,469	278,510	24,278	-	795,701
Title II, Part A 2009-2010	(48,351)	60,716	12,365	-	-	31,914	31,914	-	-
Title II Cycle II 13-15	31,914	-	60,566	-	(28,652)	119,252	90,600	-	-
2014-16 Title II Part A	-	-	-	-	-	77,420	86,280	-	(8,860)
2012-14 Title III	-	3,034	3,034	-	-	-	-	-	-
2013-15 Title III	(45,389)	67,319	34,807	-	(12,877)	42,004	10,357	-	18,770
2014-16 Title III	-	-	259,580	-	(259,580)	303,488	51,244	-	(7,336)
2015-17 Title III	-	-	-	-	-	186,048	228,939	-	(42,891)
TAP Program	217,824	2,122,009	2,445,520	-	(105,687)	858,287	746,443	-	6,157
West Goshen TAP Grant	5,000	-	-	-	5,000	-	-	-	5,000
Payroll	178,679	57,610,547	57,667,610	-	121,616	60,408,017	60,324,237	-	205,396
Prepaid Food	323,165	248,192	1,299	-	570,058	1,062,162	1,610,165	-	22,055
Self-Insurance Operations	6,527,739	8,186,526	8,932,861	-	5,781,404	-	-	(5,781,404)	-
Self-Insurance Stabilization	356,929	1,291	-	-	358,220	-	-	(358,220)	-
Self-Insurance Reserves	2,509,487	9,079	-	-	2,518,566	-	-	(2,518,566)	-
Totals	\$ 46,609,481	\$ 159,735,559	\$ 158,905,827	\$ 57,032	\$ 47,496,245	\$ 159,455,982	\$ 167,892,528	\$ 2,033,852	\$ 41,093,551

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

GOSHEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

GOSHEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

GOSHEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

GOSHEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

GOSHEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of corrections and adjustments.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash: Merit funds, Common School Loan funds, and reimbursable grant funds.

GOSHEN COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Merit funds. The School Corporation is the fiscal agent for an alternative school with four other school corporations (members). Upon completion of the fiscal year, billing is finalized and payments are reconciled. Timing of reimbursable payments from the members could create a negative fund balance.

Common School Loan funds. These are funds where loan payments are made by deductions from the Basic Grant. Reimbursement cannot be requested until the equipment is installed and the project is completed. The reimbursement request, invoice copies, and cleared checks are sent via U.S. Postal mail, and as a result, the fund could remain negative for a period of time.

Reimbursable grant funds. The nature of a reimbursable grant is to be spent first, then submit a reimbursement request. Reimbursements were not received by June 30, 2015, and June 30, 2016, respectively.

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Goshen 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 ending June 30, 2015, and June 30, 2016, totaled \$5,438,000 and \$5,438,000, respectively.

The School Corporation has entered into capital leases with GCS School Building Corporation One (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 ending June 30, 2015, and June 30, 2016, totaled \$3,975,000 and \$4,610,000, respectively.

Note 10. Subsequent Events

The School Corporation issued a General Obligation Bond in the amount of \$2,000,000 in May 2016 and \$3,600,000 in April 2017 for renovation and repair of school facilities.

Note 11. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: postemployment health insurance benefits, as authorized by Indiana Code 5-10-8. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

Note 12. Combined Funds

Funds related to self-insurance were reported individually in the prior financial statement, but were combined into one fund for the current financial statement.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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GOSHEN COMMUNITY SCHOOLS
 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	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 13,905,009	\$ 1,083,018	\$ 256,681	\$ -	\$ 5,741,835	\$ 1,014,672	\$ 63,396	\$ 5,605,472	\$ 879,471	\$ 3,600,000	\$ 1,973,025
Receipts:											
Local sources	358,971	9,751,309	172,543	419,266	3,943,947	2,277,249	449,431	25,051	3,213	-	369,450
Intermediate sources	208	-	-	-	-	-	-	-	-	-	-
State sources	44,355,554	-	-	-	-	-	-	-	-	-	-
Federal sources	2,142	-	-	-	-	-	-	-	-	-	3,000,759
Interfund loans	329,699	-	-	-	-	-	-	-	-	-	-
Other receipts	96,960	-	-	-	7,856	208,632	-	-	-	-	28
Total receipts	45,143,534	9,751,309	172,543	419,266	3,951,803	2,485,881	449,431	25,051	3,213	-	3,370,237
Disbursements:											
Instruction	31,603,700	-	-	-	-	-	-	-	-	-	-
Support services	12,682,500	94,470	-	-	2,310,646	2,227,504	1,457	76,117	86,866	-	33,046
Noninstructional services	448,889	-	-	-	-	-	-	-	-	-	3,902,438
Facilities acquisition and construction	-	-	-	-	1,791,322	-	-	74,605	-	2,471,673	-
Debt service	-	10,147,706	357,598	273,000	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	329,699	-	-	-	-	-	-	-	-
Total disbursements	44,735,089	10,242,176	687,297	273,000	4,101,968	2,227,504	1,457	150,722	86,866	2,471,673	3,935,484
Excess (deficiency) of receipts over disbursements	408,445	(490,867)	(514,754)	146,266	(150,165)	258,377	447,974	(125,671)	(83,653)	(2,471,673)	(565,247)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	57,032	-	-	-	-	-	-
Transfers in	-	-	258,073	-	-	-	-	-	-	-	-
Transfers out	(258,073)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(258,073)	-	258,073	-	57,032	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	150,372	(490,867)	(256,681)	146,266	(93,133)	258,377	447,974	(125,671)	(83,653)	(2,471,673)	(565,247)
Cash and investments - ending	\$ 14,055,381	\$ 592,151	\$ -	\$ 146,266	\$ 5,648,702	\$ 1,273,049	\$ 511,370	\$ 5,479,801	\$ 795,818	\$ 1,128,327	\$ 1,407,778

GOSHEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Textbook Rental	Self- Insurance	Levy Excess	Oaklawn	2012-13 ECSEC	2013-14 ECSEC	2014-15 ECSEC	2015-16 ECSEC	Spectrum 2010-2011	ISB/ ISD Transportation	Child Care Program
Cash and investments - beginning	\$ 804,756	\$ 2,005,307	\$ -	\$ 149,065	\$ 2,888,729	\$ (2,567,103)	\$ -	\$ -	\$ 38,928	\$ 1,101	\$ 4,768
Receipts:											
Local sources	992,641	1,575,644	2,677	-	-	(2,239,276)	14,221,553	-	-	211,077	3,640
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	345,018	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	20,034
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	161,516	-	-	-	-	570	851	-	-	-	19,725
Total receipts	1,499,175	1,575,644	2,677	-	-	(2,238,706)	14,222,404	-	-	211,077	43,399
Disbursements:											
Instruction	-	-	-	-	-	797,254	5,876,632	-	-	-	-
Support services	336,600	-	-	-	-	20,431	2,413,757	-	-	21,896	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	48,167
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,215,496	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	336,600	1,215,496	-	-	-	817,685	8,290,389	-	-	21,896	48,167
Excess (deficiency) of receipts over disbursements	1,162,575	360,148	2,677	-	-	(3,056,391)	5,932,015	-	-	189,181	(4,768)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	5,624,413	2,888,729	-	-	-	-
Transfers out	-	-	-	-	(2,888,729)	-	(5,624,413)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(2,888,729)	5,624,413	(2,735,684)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,162,575	360,148	2,677	-	(2,888,729)	2,568,022	3,196,331	-	-	189,181	(4,768)
Cash and investments - ending	\$ 1,967,331	\$ 2,365,455	\$ 2,677	\$ 149,065	\$ -	\$ 919	\$ 3,196,331	\$ -	\$ 38,928	\$ 190,282	\$ -

GOSHEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Educational License Plates	Alternative Education	12-13 Merit	13-14 Merit	14-15 Merit	15-16 Merit	ECC/ Waterford School	IB Testing Fees	AHC/ Health Careers	West Goshen Uniforms	CPR Training
Cash and investments - beginning	\$ 13,183	\$ 97,554	\$ 27,941	\$ (421,727)	\$ -	\$ -	\$ 1,207	\$ 25,442	\$ 2,231	\$ -	\$ 1,284
Receipts:											
Local sources	-	-	-	530,613	267,120	-	-	-	-	4,450	1,680
Intermediate sources	281	-	-	-	-	-	-	-	-	-	-
State sources	-	44,555	-	-	-	-	-	25,693	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	35	-	-	-	-	-	-
Total receipts	281	44,555	-	530,613	267,155	-	-	25,693	-	4,450	1,680
Disbursements:											
Instruction	-	55,868	-	114,373	783,516	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	502	312
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	55,868	-	114,373	783,516	-	-	-	-	502	312
Excess (deficiency) of receipts over disbursements	281	(11,313)	-	416,240	(516,361)	-	-	25,693	-	3,948	1,368
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	5,487	22,454	-	-	-	-	-	-
Transfers out	-	-	(27,941)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(27,941)	5,487	22,454	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	281	(11,313)	(27,941)	421,727	(493,907)	-	-	25,693	-	3,948	1,368
Cash and investments - ending	\$ 13,464	\$ 86,241	\$ -	\$ -	\$ (493,907)	\$ -	\$ 1,207	\$ 51,135	\$ 2,231	\$ 3,948	\$ 2,652

GOSHEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	IU Health Parkside	County Kids Create	Model Playground	Wysong Donations	2014 Chamberlain Playground	Jim Alber Project	Chamberlain- Healthy Snack	Support Group Donations	ECSEC Equipment	Seal Mobile	Model Reading
Cash and investments - beginning	\$ 3,500	\$ 11,339	\$ 3,238	\$ -	\$ (41,965)	\$ 18	\$ -	\$ 41,400	\$ -	\$ 5,471	\$ -
Receipts:											
Local sources	3,500	430	-	4,000	91,630	1,529	-	(40,750)	8,442	-	5,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	3,500	430	-	4,000	91,630	1,529	-	(40,750)	8,442	-	5,000
Disbursements:											
Instruction	-	177	-	-	-	1,273	-	-	7,994	-	-
Support services	3,500	-	-	-	-	-	-	-	-	2,467	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	49,665	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,500	177	-	-	49,665	1,273	-	-	7,994	2,467	-
Excess (deficiency) of receipts over disbursements	-	253	-	4,000	41,965	256	-	(40,750)	448	(2,467)	5,000
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	253	-	4,000	41,965	256	-	(40,750)	448	(2,467)	5,000
Cash and investments - ending	\$ 3,500	\$ 11,592	\$ 3,238	\$ 4,000	\$ -	\$ 274	\$ -	\$ 650	\$ 448	\$ 3,004	\$ 5,000

GOSHEN COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	GMS Mentor Program	Reading Camp	Reading Donations	GMS Retention Pond	Waterford School Garden	Donations- General	GMS Pool	Coca Cola	Formative Assessment	2012-13 High Ability	2013-14 High Ability
Cash and investments - beginning	\$ 2,014	\$ 6,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ 37,353
Receipts:											
Local sources	6,671	4,290	1,000	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	6,671	4,290	1,000	-	-	-	-	-	-	-	-
Disbursements:											
Instruction	-	2,958	-	-	-	-	-	-	-	16	18,587
Support services	8,685	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,685	2,958	-	-	-	-	-	-	-	16	18,587
Excess (deficiency) of receipts over disbursements	(2,014)	1,332	1,000	-	-	-	-	-	-	(16)	(18,587)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,014)	1,332	1,000	-	-	-	-	-	-	(16)	(18,587)
Cash and investments - ending	\$ -	\$ 7,707	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,766

GOSHEN COMMUNITY SCHOOLS
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 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2015

	2014-15 High Ability	2015-16 High Ability	Computer Consortium/ Ed Tech Advance	Common School Loan 1	Common School Loan 2	Common School Loan #A1442	Common School Loan 4	Early Childhood Intervention (First Steps)	Secured Schools Safety Grant	NESP	2014-15 NESP
Cash and investments - beginning	\$ -	\$ -	\$ 103,785	\$ -	\$ (8,588)	\$ (56,585)	\$ (200,000)	\$ (53,773)	\$ (16,875)	\$ 53,350	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	49,330	-	3,321	-	-	215,737	489,000	-	-	-	171,402
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	18
Total receipts	49,330	-	3,321	-	-	215,737	489,000	-	-	-	171,420
Disbursements:											
Instruction	24,945	-	-	-	-	-	-	101,538	-	53,350	92,577
Support services	-	-	-	395,454	138,818	159,152	289,000	-	67,132	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,945	-	-	395,454	138,818	159,152	289,000	101,538	67,132	53,350	92,577
Excess (deficiency) of receipts over disbursements	24,385	-	3,321	(395,454)	(138,818)	56,585	200,000	(101,538)	(67,132)	(53,350)	78,843
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,385	-	3,321	(395,454)	(138,818)	56,585	200,000	(101,538)	(67,132)	(53,350)	78,843
Cash and investments - ending	\$ 24,385	\$ -	\$ 107,106	\$ (395,454)	\$ (147,406)	\$ -	\$ -	\$ (155,311)	\$ (84,007)	\$ -	\$ 78,843

GOSHEN COMMUNITY SCHOOLS
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 For the Year Ended June 30, 2015

	2015-16 NESP	Performance Based Awards	United Way Volunteer 2014	MSP Robotics	Tech Warranty Repair	2013-14 Title I Part D	2014-15 Title I Part D	2015-16 Title I Part D	2012-13 Title I Basic	2013-14 Title I Basic	2014-15 Title I Basic
Cash and investments - beginning	\$ -	\$ -	\$ 24,970	\$ -	\$ -	\$ (27,508)	\$ -	\$ -	\$ (176)	\$ (299,596)	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	7,350	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	65,636	9,065	-	-	884,783	905,488
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	7,350	-	-	65,636	9,065	-	-	884,783	905,488
Disbursements:											
Instruction	-	-	-	-	-	31,491	41,325	-	(176)	334,482	806,318
Support services	-	-	-	-	-	6,637	8,084	-	-	230,937	299,561
Noninstructional services	-	-	-	-	-	-	-	-	-	19,768	4,013
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	38,128	49,409	-	(176)	585,187	1,109,892
Excess (deficiency) of receipts over disbursements	-	-	7,350	-	-	27,508	(40,344)	-	176	299,596	(204,404)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	7,350	-	-	27,508	(40,344)	-	176	299,596	(204,404)
Cash and investments - ending	\$ -	\$ -	\$ 32,320	\$ -	\$ -	\$ -	\$ (40,344)	\$ -	\$ -	\$ -	\$ (204,404)

GOSHEN COMMUNITY SCHOOLS
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	2015-16 Title I Basic	2014-15 1003g School Improvement	2015-16 1003g School Improvement	2014-15 1003a School Improvement	2015-16 1003a School Improvement	2012-13 Spec Ed Part B	2013-14 Spec Ed Part B	2014-15 Spec Ed Part B	2015-16 Spec Ed Part B	Technical Assistance Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (104,077)	\$ (450,087)	\$ -	\$ -	\$ (1,530)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	211,652	-	-	-	-	1,817,976	3,997,359	-	37,678
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	211,652	-	-	-	-	1,817,976	3,997,359	-	37,678
Disbursements:										
Instruction	-	1,514	-	-	-	(104,077)	1,366,810	3,791,906	-	33,460
Support services	-	269,927	-	12,211	-	-	1,079	-	-	10,607
Noninstructional services	-	2,063	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	273,504	-	12,211	-	(104,077)	1,367,889	3,791,906	-	44,067
Excess (deficiency) of receipts over disbursements	-	(61,852)	-	(12,211)	-	104,077	450,087	205,453	-	(6,389)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(61,852)	-	(12,211)	-	104,077	450,087	205,453	-	(6,389)
Cash and investments - ending	\$ -	\$ (61,852)	\$ -	\$ (12,211)	\$ -	\$ -	\$ -	\$ 205,453	\$ -	\$ (7,919)

GOSHEN COMMUNITY SCHOOLS
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 OTHER FINANCING SOURCES (USES), AND CASH AND
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	2013-14 Spec Ed Preschool	2014-15 Spec Ed Preschool	2015-16 Spec Ed Preschool	Perkins Grant	Medicaid Reimbursement - Federal	Title II, Part A 2009-2010	Title II Cycle II 13-15	2014-16 Title II Part A	2012-14 Title III	2013-15 Title III
Cash and investments - beginning	\$ (36,266)	\$ -	\$ -	\$ 9,000	\$ 352,436	\$ (48,351)	\$ 31,914	\$ -	\$ -	\$ (45,389)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	124,814	154,620	-	-	233,510	60,716	-	-	3,034	67,319
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	124,814	154,620	-	-	233,510	60,716	-	-	3,034	67,319
Disbursements:										
Instruction	88,548	171,892	-	-	32,200	-	-	-	3,034	34,807
Support services	-	-	-	-	12,277	12,365	60,566	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	88,548	171,892	-	-	44,477	12,365	60,566	-	3,034	34,807
Excess (deficiency) of receipts over disbursements	36,266	(17,272)	-	-	189,033	48,351	(60,566)	-	-	32,512
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	36,266	(17,272)	-	-	189,033	48,351	(60,566)	-	-	32,512
Cash and investments - ending	\$ -	\$ (17,272)	\$ -	\$ 9,000	\$ 541,469	\$ -	\$ (28,652)	\$ -	\$ -	\$ (12,877)

GOSHEN COMMUNITY SCHOOLS
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	2014-16 Title III	2015-17 Title III	TAP Program	West Goshen TAP Grant	Payroll	Prepaid Food	Self-Insurance Operations	Self-Insurance Stabilization	Self-Insurance Reserves	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 217,824	\$ 5,000	\$ 178,679	\$ 323,165	\$ 6,527,739	\$ 356,929	\$ 2,509,487	\$ 46,609,481
Receipts:										
Local sources	-	-	-	-	-	248,192	-	1,291	9,079	33,686,553
Intermediate sources	-	-	-	-	-	-	-	-	-	7,839
State sources	-	-	-	-	-	-	-	-	-	45,699,610
Federal sources	-	-	2,122,009	-	-	-	-	-	-	13,718,594
Interfund loans	-	-	-	-	-	-	-	-	-	329,699
Other receipts	-	-	-	-	57,610,547	-	8,186,526	-	-	66,293,264
Total receipts	-	-	2,122,009	-	57,610,547	248,192	8,186,526	1,291	9,079	159,735,559
Disbursements:										
Instruction	259,580	-	-	-	-	-	-	-	-	46,427,872
Support services	-	-	2,445,520	-	-	-	-	-	-	24,740,083
Noninstructional services	-	-	-	-	-	-	-	-	-	4,425,338
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	4,387,265
Debt service	-	-	-	-	-	-	-	-	-	10,778,304
Nonprogrammed charges	-	-	-	-	57,667,610	1,299	8,932,861	-	-	67,817,266
Interfund loans	-	-	-	-	-	-	-	-	-	329,699
Total disbursements	259,580	-	2,445,520	-	57,667,610	1,299	8,932,861	-	-	158,905,827
Excess (deficiency) of receipts over disbursements	(259,580)	-	(323,511)	-	(57,063)	246,893	(746,335)	1,291	9,079	829,732
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	57,032
Transfers in	-	-	-	-	-	-	-	-	-	8,799,156
Transfers out	-	-	-	-	-	-	-	-	-	(8,799,156)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	57,032
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(259,580)	-	(323,511)	-	(57,063)	246,893	(746,335)	1,291	9,079	886,764
Cash and investments - ending	\$ (259,580)	\$ -	\$ (105,687)	\$ 5,000	\$ 121,616	\$ 570,058	\$ 5,781,404	\$ 358,220	\$ 2,518,566	\$ 47,496,245

GOSHEN COMMUNITY SCHOOLS
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	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 14,055,381	\$ 592,151	\$ -	\$ 146,266	\$ 5,648,702	\$ 1,273,049	\$ 511,370	\$ 5,479,801	\$ 795,818	\$ 1,128,327	\$ 1,407,778
Receipts:											
Local sources	662,249	10,791,018	-	1,245,901	3,200,772	2,001,718	418,305	288,762	2,735	-	1,309,657
Intermediate sources	69	-	-	-	-	-	-	-	-	-	-
State sources	44,739,984	-	-	-	-	-	-	-	-	-	-
Federal sources	240,000	-	-	-	-	-	-	-	-	-	3,273,674
Interfund loans	-	253,341	-	-	-	253,341	-	-	-	-	-
Other receipts	115,701	123,101	-	-	6,526	46,077	-	-	-	-	27,655
Total receipts	45,758,003	11,167,460	-	1,245,901	3,207,298	2,301,136	418,305	288,762	2,735	-	4,610,986
Disbursements:											
Instruction	34,362,781	-	-	-	-	-	-	-	-	-	-
Support services	14,164,527	119,301	-	-	4,583,850	2,064,854	912,701	17,265	53,243	-	60,123
Noninstructional services	576,377	-	-	-	-	-	-	-	-	-	3,436,038
Facilities acquisition and construction	16,678	-	-	-	3,189,382	-	-	5,486	-	1,128,327	16,648
Debt service	-	10,019,582	-	908,000	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	360,651
Interfund loans	-	253,341	-	-	-	253,341	-	-	-	-	-
Total disbursements	49,120,363	10,392,224	-	908,000	7,773,232	2,318,195	912,701	22,751	53,243	1,128,327	3,873,460
Excess (deficiency) of receipts over disbursements	(3,362,360)	775,236	-	337,901	(4,565,934)	(17,059)	(494,396)	266,011	(50,508)	(1,128,327)	737,526
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	2,000,000	-
Sale of capital assets	-	-	-	-	33,852	-	-	-	-	-	-
Transfers in	187,993	-	-	-	-	2,677	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	187,993	-	-	-	33,852	2,677	-	-	-	2,000,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,174,367)	775,236	-	337,901	(4,532,082)	(14,382)	(494,396)	266,011	(50,508)	871,673	737,526
Cash and investments - ending	\$ 10,881,014	\$ 1,367,387	\$ -	\$ 484,167	\$ 1,116,620	\$ 1,258,667	\$ 16,974	\$ 5,745,812	\$ 745,310	\$ 2,000,000	\$ 2,145,304

GOSHEN COMMUNITY SCHOOLS
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	Textbook Rental	Self- Insurance	Levy Excess	Oaklawn	2012-13 ECSEC	2013-14 ECSEC	2014-15 ECSEC	2015-16 ECSEC	Spectrum 2010-2011	ISB/ ISD Transportation	Child Care Program
Cash and investments - beginning	\$ 1,967,331	\$ 2,365,455	\$ 2,677	\$ 149,065	\$ -	\$ 919	\$ 3,196,331	\$ -	\$ 38,928	\$ 190,282	\$ -
Receipts:											
Local sources	555,184	5,576,377	-	-	-	-	992,868	7,679,882	-	(179,590)	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	327,987	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	32,098
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	39,470	2,337,177	-	-	-	-	1,673	23,456	-	-	33,000
Total receipts	922,641	7,913,554	-	-	-	-	994,541	7,703,338	-	(179,590)	65,098
Disbursements:											
Instruction	-	-	-	-	-	-	434,112	5,916,710	-	-	-
Support services	513,527	8,377,975	-	-	-	(4,089)	321,209	2,454,290	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	55,100
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,198,190	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	513,527	9,576,165	-	-	-	(4,089)	755,321	8,371,000	-	-	55,100
Excess (deficiency) of receipts over disbursements	409,114	(1,662,611)	-	-	-	4,089	239,220	(667,662)	-	(179,590)	9,998
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	8,658,190	-	-	-	-	-	3,435,466	-	-	-
Transfers out	-	-	(2,677)	(149,065)	-	-	(3,435,466)	-	(38,928)	-	-
Total other financing sources (uses)	-	8,658,190	(2,677)	(149,065)	-	-	(3,435,466)	3,435,466	(38,928)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	409,114	6,995,579	(2,677)	(149,065)	-	4,089	(3,196,246)	2,767,804	(38,928)	(179,590)	9,998
Cash and investments - ending	\$ 2,376,445	\$ 9,361,034	\$ -	\$ -	\$ -	\$ 5,008	\$ 85	\$ 2,767,804	\$ -	\$ 10,692	\$ 9,998

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	Educational License Plates	Alternative Education	12-13 Merit	13-14 Merit	14-15 Merit	15-16 Merit	ECC/ Waterford School	IB Testing Fees	AHC/ Health Careers	West Goshen Uniforms	CPR Training
Cash and investments - beginning	\$ 13,464	\$ 86,241	\$ -	\$ -	\$ (493,907)	\$ -	\$ 1,207	\$ 51,135	\$ 2,231	\$ 3,948	\$ 2,652
Receipts:											
Local sources	-	-	-	59,624	908,015	625,300	-	-	-	-	1,620
Intermediate sources	544	-	-	-	-	-	-	-	-	-	-
State sources	-	50,220	-	-	-	-	-	13,430	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	544	50,220	-	59,624	908,015	625,300	-	13,430	-	-	1,620
Disbursements:											
Instruction	-	52,584	-	-	97,751	868,215	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	77	396
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	52,584	-	-	97,751	868,215	-	-	-	77	396
Excess (deficiency) of receipts over disbursements	544	(2,364)	-	59,624	810,264	(242,915)	-	13,430	-	(77)	1,224
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	290,529	-	-	-	-	-
Transfers out	-	-	-	-	(290,529)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(290,529)	290,529	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	544	(2,364)	-	59,624	519,735	47,614	-	13,430	-	(77)	1,224
Cash and investments - ending	\$ 14,008	\$ 83,877	\$ -	\$ 59,624	\$ 25,828	\$ 47,614	\$ 1,207	\$ 64,565	\$ 2,231	\$ 3,871	\$ 3,876

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

	IU Health Parkside	County Kids Create	Model Playground	Wysong Donations	2014 Chamberlain Playground	Jim Alber Project	Chamberlain- Healthy Snack	Support Group Donations	ECSEC Equipment	Seal Mobile	Model Reading
Cash and investments - beginning	\$ 3,500	\$ 11,592	\$ 3,238	\$ 4,000	\$ -	\$ 274	\$ -	\$ 650	\$ 448	\$ 3,004	\$ 5,000
Receipts:											
Local sources	-	464	-	70	-	2,000	6,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	464	-	70	-	2,000	6,000	-	-	-	-
Disbursements:											
Instruction	-	68	-	-	-	630	4,655	-	448	-	-
Support services	3,500	-	-	-	-	-	-	-	-	3,004	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,500	68	-	-	-	630	4,655	-	448	3,004	-
Excess (deficiency) of receipts over disbursements	(3,500)	396	-	70	-	1,370	1,345	-	(448)	(3,004)	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,500)	396	-	70	-	1,370	1,345	-	(448)	(3,004)	-
Cash and investments - ending	\$ -	\$ 11,988	\$ 3,238	\$ 4,070	\$ -	\$ 1,644	\$ 1,345	\$ 650	\$ -	\$ -	\$ 5,000

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

	GMS Mentor Program	Reading Camp	Reading Donations	GMS Retention Pond	Waterford School Garden	Donations- General	GMS Pool	Coca Cola	Formative Assessment	2012-13 High Ability	2013-14 High Ability
Cash and investments - beginning	\$ -	\$ 7,707	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,766
Receipts:											
Local sources	5,624	3,990	-	500	2,000	33,787	2,208	12,211	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	52,143	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	4,000	-	-	-	-
Total receipts	5,624	3,990	-	500	2,000	33,787	6,208	12,211	52,143	-	-
Disbursements:											
Instruction	-	178	-	-	170	-	-	-	-	-	18,766
Support services	5,624	-	-	-	-	-	-	-	52,143	-	-
Noninstructional services	-	-	-	-	-	-	5,399	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	11,935	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,624	178	-	-	170	11,935	5,399	-	52,143	-	18,766
Excess (deficiency) of receipts over disbursements	-	3,812	-	500	1,830	21,852	809	12,211	-	-	(18,766)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,812	-	500	1,830	21,852	809	12,211	-	-	(18,766)
Cash and investments - ending	\$ -	\$ 11,519	\$ 1,000	\$ 500	\$ 1,830	\$ 21,852	\$ 809	\$ 12,211	\$ -	\$ -	\$ -

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

	2014-15 High Ability	2015-16 High Ability	Computer Consortium/ Ed Tech Advance	Common School Loan 1	Common School Loan 2	Common School Loan #A1442	Common School Loan 4	Early Childhood Intervention (First Steps)	Secured Schools Safety Grant	NESP	2014-15 NESP
Cash and investments - beginning	\$ 24,385	\$ -	\$ 107,106	\$ (395,454)	\$ (147,406)	\$ -	\$ -	\$ (155,311)	\$ (84,007)	\$ -	\$ 78,843
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	51,287	4,404	500,000	219,963	-	-	-	49,995	-	-
Federal sources	-	-	12,587	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	138	-	27,526	-	-	-	-	303,145	-	-	-
Total receipts	138	51,287	44,517	500,000	219,963	-	-	303,145	49,995	-	-
Disbursements:											
Instruction	24,523	(37,328)	-	-	-	-	-	102,605	-	-	4,598
Support services	-	-	500	104,546	430,567	95,174	-	-	35,743	-	411
Noninstructional services	-	-	-	-	-	-	-	-	-	-	1,883
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,523	(37,328)	500	104,546	430,567	95,174	-	102,605	35,743	-	6,892
Excess (deficiency) of receipts over disbursements	(24,385)	88,615	44,017	395,454	(210,604)	(95,174)	-	200,540	14,252	-	(6,892)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,385)	88,615	44,017	395,454	(210,604)	(95,174)	-	200,540	14,252	-	(6,892)
Cash and investments - ending	\$ -	\$ 88,615	\$ 151,123	\$ -	\$ (358,010)	\$ (95,174)	\$ -	\$ 45,229	\$ (69,755)	\$ -	\$ 71,951

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

	2015-16 NESP	Performance Based Awards	United Way Volunteer 2014	MSP Robotics	Tech Warranty Repair	2013-14 Title I Part D	2014-15 Title I Part D	2015-16 Title I Part D	2012-13 Title I Basic	2013-14 Title I Basic	2014-15 Title I Basic
Cash and investments - beginning	\$ -	\$ -	\$ 32,320	\$ -	\$ -	\$ -	\$ (40,344)	\$ -	\$ -	\$ -	\$ (204,404)
Receipts:											
Local sources	-	-	-	2,500	11,146	-	-	-	-	-	-
Intermediate sources	-	-	27,173	-	-	-	-	-	-	-	-
State sources	350,785	84,889	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	60,705	27,200	-	-	198,374
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	350,785	84,889	27,173	2,500	11,146	-	60,705	27,200	-	-	198,374
Disbursements:											
Instruction	212,064	-	-	-	716	-	21,836	33,307	-	-	197,379
Support services	-	84,889	-	-	-	-	2,185	10,975	-	-	38,592
Noninstructional services	2,303	-	-	521	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	214,367	84,889	-	521	716	-	24,021	44,282	-	-	235,971
Excess (deficiency) of receipts over disbursements	136,418	-	27,173	1,979	10,430	-	36,684	(17,082)	-	-	(37,597)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	136,418	-	27,173	1,979	10,430	-	36,684	(17,082)	-	-	(37,597)
Cash and investments - ending	\$ 136,418	\$ -	\$ 59,493	\$ 1,979	\$ 10,430	\$ -	\$ (3,660)	\$ (17,082)	\$ -	\$ -	\$ (242,001)

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

	2015-16 Title I Basic	2014-15 1003g School Improvement	2015-16 1003g School Improvement	2014-15 1003a School Improvement	2015-16 1003a School Improvement	2012-13 Spec Ed Part B	2013-14 Spec Ed Part B	2014-15 Spec Ed Part B	2015-16 Spec Ed Part B	Technical Assistance Grant
Cash and investments - beginning	\$ -	\$ (61,852)	\$ -	\$ (12,211)	\$ -	\$ -	\$ -	\$ 205,453	\$ -	\$ (7,919)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	591,176	272,140	265,407	38,785	-	-	454,479	933,220	3,190,904	20,061
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	591,176	272,140	265,407	38,785	-	-	454,479	933,220	3,190,904	20,061
Disbursements:										
Instruction	497,314	(1,514)	63,321	-	-	-	-	1,138,673	3,379,473	4,115
Support services	407,763	212,182	317,044	26,875	2,381	-	-	-	137,317	2,253
Noninstructional services	3,310	1,061	929	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	908,387	211,729	381,294	26,875	2,381	-	-	1,138,673	3,516,790	6,368
Excess (deficiency) of receipts over disbursements	(317,211)	60,411	(115,887)	11,910	(2,381)	-	454,479	(205,453)	(325,886)	13,693
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(317,211)	60,411	(115,887)	11,910	(2,381)	-	454,479	(205,453)	(325,886)	13,693
Cash and investments - ending	\$ (317,211)	\$ (1,441)	\$ (115,887)	\$ (301)	\$ (2,381)	\$ -	\$ 454,479	\$ -	\$ (325,886)	\$ 5,774

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

	2013-14 Spec Ed Preschool	2014-15 Spec Ed Preschool	2015-16 Spec Ed Preschool	Perkins Grant	Medicaid Reimbursement - Federal	Title II, Part A 2009-2010	Title II Cycle II 13-15	2014-16 Title II Part A	2012-14 Title III	2013-15 Title III
Cash and investments - beginning	\$ -	\$ (17,272)	\$ -	\$ 9,000	\$ 541,469	\$ -	\$ (28,652)	\$ -	\$ -	\$ (12,877)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	3,233	57,696	126,044	-	278,510	31,914	119,252	77,420	-	42,004
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,233</u>	<u>57,696</u>	<u>126,044</u>	<u>-</u>	<u>278,510</u>	<u>31,914</u>	<u>119,252</u>	<u>77,420</u>	<u>-</u>	<u>42,004</u>
Disbursements:										
Instruction	-	40,424	183,098	9,000	11,467	-	-	-	-	4,835
Support services	-	-	-	-	12,474	31,914	90,600	86,280	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	337	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	5,522
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>40,424</u>	<u>183,098</u>	<u>9,000</u>	<u>24,278</u>	<u>31,914</u>	<u>90,600</u>	<u>86,280</u>	<u>-</u>	<u>10,357</u>
Excess (deficiency) of receipts over disbursements	<u>3,233</u>	<u>17,272</u>	<u>(57,054)</u>	<u>(9,000)</u>	<u>254,232</u>	<u>-</u>	<u>28,652</u>	<u>(8,860)</u>	<u>-</u>	<u>31,647</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,233</u>	<u>17,272</u>	<u>(57,054)</u>	<u>(9,000)</u>	<u>254,232</u>	<u>-</u>	<u>28,652</u>	<u>(8,860)</u>	<u>-</u>	<u>31,647</u>
Cash and investments - ending	<u>\$ 3,233</u>	<u>\$ -</u>	<u>\$ (57,054)</u>	<u>\$ -</u>	<u>\$ 795,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,860)</u>	<u>\$ -</u>	<u>\$ 18,770</u>

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

	2014-16 Title III	2015-17 Title III	TAP Program	West Goshen TAP Grant	Payroll	Prepaid Food	Self-Insurance Operations	Self-Insurance Stabilization	Self-Insurance Reserves	Totals
Cash and investments - beginning	\$ (259,580)	\$ -	\$ (105,687)	\$ 5,000	\$ 121,616	\$ 570,058	\$ 5,781,404	\$ 358,220	\$ 2,518,566	\$ 47,496,245
Receipts:										
Local sources	-	-	-	-	-	1,062,162	-	-	-	37,285,059
Intermediate sources	-	-	-	-	-	-	-	-	-	27,786
State sources	-	-	-	-	-	-	-	-	-	46,445,087
Federal sources	303,488	186,048	858,287	-	-	-	-	-	-	11,694,706
Interfund loans	-	-	-	-	-	-	-	-	-	506,682
Other receipts	-	-	-	-	60,408,017	-	-	-	-	63,496,662
Total receipts	303,488	186,048	858,287	-	60,408,017	1,062,162	-	-	-	159,455,982
Disbursements:										
Instruction	45,437	228,939	-	-	-	-	-	-	-	47,921,350
Support services	-	-	746,443	-	-	-	-	-	-	36,580,628
Noninstructional services	-	-	-	-	-	-	-	-	-	4,082,921
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	4,368,793
Debt service	-	-	-	-	-	-	-	-	-	10,927,582
Nonprogrammed charges	5,807	-	-	-	60,324,237	1,610,165	-	-	-	63,504,572
Interfund loans	-	-	-	-	-	-	-	-	-	506,682
Total disbursements	51,244	228,939	746,443	-	60,324,237	1,610,165	-	-	-	167,892,528
Excess (deficiency) of receipts over disbursements	252,244	(42,891)	111,844	-	83,780	(548,003)	-	-	-	(8,436,546)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	33,852
Transfers in	-	-	-	-	-	-	-	-	-	12,574,855
Transfers out	-	-	-	-	-	-	(5,781,404)	(358,220)	(2,518,566)	(12,574,855)
Total other financing sources (uses)	-	-	-	-	-	-	(5,781,404)	(358,220)	(2,518,566)	2,033,852
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	252,244	(42,891)	111,844	-	83,780	(548,003)	(5,781,404)	(358,220)	(2,518,566)	(6,402,694)
Cash and investments - ending	\$ (7,336)	\$ (42,891)	\$ 6,157	\$ 5,000	\$ 205,396	\$ 22,055	\$ -	\$ -	\$ -	\$ 41,093,551

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 1,709,630</u>	<u>\$ 2,445,627</u>

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Goshen Multi-School Building Corporation	Multi-Building Project	\$ 5,438,000	1/15/2008	1/15/2017
GCS School Building Corporation One	2013 Refunding 2004/05	3,702,000	1/15/2014	7/15/2028
GCS School Building Corporation One	2014 Project	<u>1,268,000</u>	1/01/2015	6/30/2034
Total of annual lease payments		<u>\$ 10,408,000</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	QSCB 2009/10	\$ 2,000,000
General obligation bonds	2016 Construction	\$ 77,614
Notes and loans payable	Common School Loans A1512	2,000,000
Notes and loans payable	Common School Loans A1568	669,750
Notes and loans payable	Common School Loans A1584	100,000
Notes and loans payable	Common School Loans A1685	100,750
Notes and loans payable	Common School Loans A1739	38,238
Notes and loans payable	Common School Loans A1787	38,620
Notes and loans payable	Common School Loans A1816	250,000
Notes and loans payable	Common School Loans A1893	102,250
Notes and loans payable	Common School Loans A1926	102,750
		350,000
		103,250
		350,000
		103,250
		440,100
		101,957
		450,000
		104,250
		<u>500,000</u>
		<u>54,177</u>
Totals		<u>\$ 6,778,338</u>
		<u>\$ 1,558,618</u>

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 2,676,812
Buildings	149,833,574
Improvements other than buildings	1,067,608
Machinery, equipment, and vehicles	<u>12,551,106</u>
Total capital assets	<u>\$ 166,129,100</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF GOSHEN COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Goshen Community Schools' (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 Special Education Cluster (IDEA)

As described in items 2016-007, 2016-008, 2016-009, 2016-010, and 2016-012 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Special Education Cluster (IDEA) regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting, described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs 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 2016-005, 2016-006, 2016-011, 2016-014, 2016-015, 2016-016, 2016-017, and 2016-019. 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, 2016-011, 2016-012, 2016-013, 2016-014, 2016-015, 2016-016, 2016-017, 2016-018, and 2016-019 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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.

GOSHEN COMMUNITY SCHOOLS
 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	FY 14-15	\$ -	\$ 687,920	\$ -	\$ -
			FY 15-16	-	-	-	762,732
Total - School Breakfast Program				-	687,920	-	762,732
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15	-	2,117,862	-	-
			FY 15-16	-	-	-	2,292,041
Commodities			FY 14-15	-	292,674	-	-
Commodities			FY 15-16	-	-	-	341,815
Total - National School Lunch Program				-	2,410,536	-	2,633,856
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14-15	-	133,791	-	-
			FY 15-16	-	-	-	169,309
Total - Summer Food Service Program for Children				-	133,791	-	169,309
Total - Child Nutrition Cluster				-	3,232,247	-	3,565,897
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582	FY 14-15	-	24,407	-	-
			FY 15-16	-	-	-	3,776
Total - Fresh Fruit and Vegetable Program				-	24,407	-	3,776
Total - Department of Agriculture				-	3,256,654	-	3,569,673
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
2013-14 Spec Ed Part B			14214-016-PN01	-	1,092,350	-	-
2014-15 Spec Ed Part B			14215-016-PN01	-	1,330,490	-	154,765
2015-16 Spec Ed Part B			14216-014-PN01	-	-	-	870,311
Technical Assistance Grant			99914-016-TA01	-	16,600	-	11,389
Total - Special Education Grants to States				-	2,439,440	-	1,036,465
Special Education Preschool Grants	Indiana Department of Education	84.173					
13-14 Preschool Spec Ed			45714-016-PN01	-	40,374	-	-
14-15 Preschool Spec Ed			45715-016-PN01	-	49,461	-	18,457
15-16 Preschool Spec Ed			45716-014-PN01	-	-	-	37,281
Total - Special Education Preschool Grants				-	89,835	-	55,738
Total - Special Education Cluster (IDEA)				-	2,529,275	-	1,092,203

GOSHEN COMMUNITY SCHOOLS
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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2013-14 Title I			14-2315	-	884,783	-	-
2014-15 Title I			15-2315	-	905,488	-	198,374
2015-16 Title I			16-2315	-	-	-	591,176
2013-14 Title I, Part D			14-2315	-	65,635	-	-
2014-15 Title I, Part D			15-2315	-	9,065	-	60,705
2015-16 Title I, Part D			16-2315	-	-	-	27,200
2014-15 Title I, School Improvement			15-2315	-	-	-	38,785
Total - Title I Grants to Local Educational Agencies				-	1,864,971	-	916,240
Advanced Placement Program	Indiana Department of Education	84.330	FY 15-16	-	-	-	13,430
English Language Acquisition State Grants	Indiana Department of Education	84.365					
English Language Learner			01113-318-PN01	-	3,034	-	-
English Language Learner			01114-026-PN01	-	67,319	-	42,004
English Language Learner			01115-023-PN01	-	-	-	303,488
English Language Learner			01116-023-PN01	-	-	-	186,048
Total - English Language Acquisition State Grants				-	70,353	-	531,540
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II A			12-2315	-	60,717	-	31,914
Title II A			15-2315	-	-	-	119,252
Title II A			16-2315	-	-	-	77,420
Total - Improving Teacher Quality State Grants				-	60,717	-	228,586
Teacher Incentive Fund	Indiana Department of Education	84.374					
TAP			FY 14-15	-	2,122,009	-	-
TAP			FY 15-16	-	-	-	1,098,287
Total - Teacher Incentive Fund				-	2,122,009	-	1,098,287
School Improvement Grants	Indiana Department of Education	84.377					
Title I Regular School Improvement Grant 1003g			15-2315	-	211,652	-	272,140
Title I Regular School Improvement Grant 1003g			16-2315	-	-	-	265,407
Total - School Improvement Grants				-	211,652	-	537,547
Total - Department of Education				-	6,858,977	-	4,417,833
Total federal awards expended				\$ -	\$ 10,115,631	\$ -	\$ 7,987,506

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

GOSHEN COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 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.

Note 3. *Elkhart County Special Education Cooperative (ECSEC)*

The School Corporation is a member of the Elkhart County Special Education Cooperative (ECSEC) and serves as the ECSEC's fiscal agent. As a result, some activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except Special Education Cluster (IDEA), which was qualified
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
	Child Nutrition Cluster
	Special Education Cluster (IDEA)
84.365	English Language Acquisition State Grants
84.377	School Improvement Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$543,094

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

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Payroll Disbursements: The controls in place to determine if payroll and payroll related disbursements were proper were not effective.
 - a. The amount and/or rate of pay for some employees did not agree with an approved document, such as a salary ordinance, employee contract, or Teacher Master Contract.
 - b. Employee time records and/or approved time-off documents were not presented for audit or were not approved by an appropriate official, department head, or principal.
 - c. A review or approval process was not evident prior to payroll disbursements being made.
2. Financial Close and Reporting: The School Corporation had not identified risks to the preparation of a reliable financial statement and, as a result, failed to design effective controls over the input of financial information entered into the Indiana Department of Education Form 9 financial reporting system, which is the source of the Annual Financial Report (AFR) and the financial statement. There were no controls to prevent, or detect and correct, material misstatements. In addition, management of the School Corporation had not established a process for final review of the financial statement and notes to the financial statement after compilation.
3. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would have required the School Corporation to monitor and assess the quality of the system of internal control.

Context

The lack of controls and noncompliance were systemic issues that occurred throughout the audit period. The AFR, financial statement, and notes to the financial statement did not properly reflect the School Corporation's financial activity as follows:

Financial Statement

1. The General fund beginning balance was understated by \$999,983 for the 2015 fiscal year.
2. The Retirement/Severance Bond Debt Service fund incorrectly reported disbursements of \$329,699 as other financing uses for the 2015 fiscal year.
3. The Textbook Rental Fund receipts were overstated by \$705,631 and \$327,683; disbursements were overstated by \$345,018 and \$327,683 for the 2015 and 2016 fiscal years, respectively.
4. The Self-Insurance Operations fund, Self-Insurance Stabilization fund, and Self-Insurance Reserves fund were not reported, resulting in an understatement of the beginning balances, receipts, disbursements, and ending balances of \$9,394,155, \$8,196,896, \$8,932,861, and \$8,658,190, respectively, for the 2015 fiscal year. Also, these funds did not report other financing uses, resulting in an understatement of \$8,658,190 for the 2016 fiscal year.
5. The Self-Insurance fund incorrectly reported other financing sources of \$8,658,190 as receipts for the 2016 fiscal year.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

6. The Payroll fund did not report receipts, resulting in an understatement of \$57,610,547 and \$60,408,017 for the 2015 and 2016 fiscal years, respectively. The Payroll fund did not report disbursements, resulting in an understatement of \$57,667,610 and \$60,324,237 for the 2015 and 2016 fiscal years, respectively. Lastly, the Payroll fund beginning balance was understated \$96,207 for the 2016 fiscal year.
7. The Prepaid Food fund did not report receipts, resulting in an understatement of \$248,192 and \$1,062,162 for the 2015 and 2016 fiscal years, respectively. The Prepaid Food fund did not report disbursements; an understatement of \$1,299 and \$1,610,165 for the 2015 and 2016 fiscal years, respectively. Lastly, the Prepaid Food fund beginning balance was understated by \$528,866 for the 2016 fiscal year.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management of the School Corporation had not established a proper system of internal control. Additionally, management had not conducted a risk assessment related to the School Corporation's financial transactions and reporting.

Effect

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-002

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

Repeat Finding

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

Condition

The School Corporation had not established or implemented an effective system of internal controls to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Context

The lack of internal controls was a systemic issue throughout the audit period. The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster reported the incorrect Federal Grantor Agency, no Cluster Title, incorrect Program Titles, and incorrect Pass-Through Entity.
 - a. The School Breakfast Program expenditures were understated by \$97,139 and overstated by \$590,781 for the 2015 and 2016 fiscal years, respectively.
 - b. The National School Lunch Program expenditures were understated by \$613,999 and \$358,176, which included missing commodities of \$292,674 and \$341,815 for the 2015 and 2016 fiscal years, respectively.
2. The Fresh Fruit and Vegetable Program was not reported, resulting in an understatement of \$24,407 and \$3,776 for the 2015 and 2016 fiscal years, respectively.
3. The Title I Grants to Local Educational Agencies reported the incorrect Program Title and CFDA Number, and was understated by \$5,000 for the 2016 fiscal year.
4. The Special Education Cluster (IDEA) reported the incorrect Program Titles and did not include the Technical Assistant Grant in the cluster due to the incorrect CFDA Number.
 - a. The Special Education Grants to States were overstated by \$3,413,572 and \$3,562,199 for the 2015 and 2016 fiscal years, respectively.
 - b. The Special Education Preschool Grants were overstated by \$189,600 and \$131,235 for the 2015 and 2016 fiscal years, respectively.
5. The Advanced Placement Program was not reported, resulting in an understatement of \$13,430 for the 2016 fiscal year.
6. The English Language Acquisition State Grants reported incorrect Program Title and CFDA Number and did not report the 2012-14 grant, resulting in an understatement of \$3,034.
7. The Improving Teacher Quality State Grants reported the incorrect Program Title.
8. The Teacher Incentive Fund reported incorrect Program Title and CFDA Number, and was understated by \$240,000 for the 2016 fiscal year.
9. The School Improvement Grants reported the incorrect Program Title.
10. The Medicaid Reimbursement Fund should not have been reported; an overstatement of \$233,510 and \$278,510 for the 2015 and 2016 fiscal years, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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

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

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-003

Subject: Financial Transactions and Reporting - Elkhart County Special Education Cooperative (ECSEC)
Audit Findings: Material Weakness, Noncompliance

Condition

An effective internal control system was not in place at the School Corporation related to financial transactions and reporting - other financing sources and uses. Six member school corporations (members) formed a separate legal entity, the Elkhart County Special Education Cooperative (ECSEC), in 2003 under the provisions of the Interlocal Cooperation Act. The ECSEC's Board of Directors, made up of the members Superintendents of Schools, had the authority to establish any programs or services, prepare an annual budget for any program or service, and charge for any program or service provided to the members. The ECSEC operated out of the School Corporation's books, which made the School Corporation the fiscal agent of ECSEC for the members participating in the federal programs included in the Special Education Cluster (IDEA).

The ECSEC sent the members a bill of all charges for services provided, which could have included credits, because the members allowed the ECSEC to request some of their Special Education Cluster (IDEA) funds on their behalf. The School Corporation received all the Special Education Cluster (IDEA) funds for the members, including the funds that the ECSEC requested on the members behalf and posted them to the School Corporation's ledger in Spec Ed Part B funds. The School Corporation then issued

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(Continued)

checks to the members for their requested funds, but did not issue checks to the ECSEC or transfer funds to the appropriate ECSEC funds on the School Corporation's ledger. As a result, the requested funds that belonged to the ECSEC were comingled with the Special Ed Part B fund transactions that benefited solely the School Corporation and not the other remaining members. The amount of funds the ECSEC requested, but did not receive in fiscal years 2015 and 2016, were \$345,319 and \$247,449, respectively.

Context

The lack of controls and incomplete and inaccurate recording and reporting of transactions were systemic issues, which occurred 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. . . ."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the agreement that established the ECSEC. Additionally, an effective internal control structure had not been established to ensure proper posting of receipts and disbursements for billed charges for services provided and received.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Without a proper system of internal control in place that operated effectively, misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish and document effective controls to ensure the accuracy of financial transactions and reporting.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-004

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

The employees that were paid from the grant funds did not have time sheets that were approved by an appropriate level of management. Furthermore, a review or approval process was not evident prior to payroll disbursements being made.

Cash Management, Special Tests and Provisions - School Food Accounts

The School Corporation had not established documented controls to ensure the activity within the School Lunch fund and its net cash resources were being monitored to comply with the Cash Management and Special Tests and Provisions - School Food Accounts.

Eligibility

There was no oversight, review, or approval process completed at the School Corporation to ensure the accuracy of federal rates entered into the food service program software. Applications were reviewed to determine whether the approver properly determined eligibility; however, there was no prescribed method established by the School Corporation to determine the applications to be selected for review.

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(Continued)

Reporting

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

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

Verification of Free and Reduced Price Applications (NSLP) was reviewed by two individuals; however, there was no documentation to verify that there was a control in place.

Context

The lack of controls was a systemic issue. There was no documented controls over the compliance requirements noted in the *Condition* 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 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 listed above. 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.

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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 compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Equipment and Real Property Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation failed to comply with the equipment requirement that property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds the title, the acquisition date, the cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Context

The School Corporation had not maintained capital asset records for the Child Nutrition Cluster. The lack of controls and the noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

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(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.32(d) states:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

2 CFR 200.313(d) states:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

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(Continued)

- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

Cause

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

Effect

The failure to establish an effective internal control system 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 related to the grant agreement and the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

FINDING 2016-006

Subject: Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,

Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income receipted into the School Lunch fund was reconciled to the food service program. Of the four months selected for testing during the audit period, daily deposits entered into the ledger were greater than the daily sales reports generated from the food service program software.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls and noncompliance was a systemic problem, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

7 CFR 225.6(e) states in part:

"*State-Sponsor Agreement.* A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

(12) Maintain a financial management system as prescribed by the State agency; . . ."

Cause

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-007

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-014-PN01, 99914-016-TA01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Activities Allowed or Unallowed

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was the administrator of the ECSEC. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed compliance requirement. There were no controls in place to ensure that expenditures charged to the grant were adequately documented to show compliance over the Activities Allowed or Unallowed compliance requirement.

The ECSEC provided special education services to its participating member school corporations (members) and billed them from expenditures paid within the ECSEC funds during the audit period. The ECSEC gave its members credits on their bills for amounts the members were awarded from the budgeted grant category, *Services from Another Educational Agency*. Members did not directly request reimbursement for *Services from Another Educational Agency*, but rather, the ECSEC requested reimbursement on the member's behalf for special education services provided under other categories such as *Certified Salaries, Non-Certified*

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(Continued)

Salaries, Employee Benefits, Purchased/Contracted Services, Conference/Travel, Materials/Supplies, and Buildings. The ECSEC did not provide any documentation to support the allocation charged to the grant for members' credits in order to test the population for Activities Allowed or Unallowed. Total allocations charged to Special Education Grants to States by the ECSEC for member's credits for school years ending June 30, 2015 and 2016, were \$345,319 and \$247,449, respectively.

The funds requested by the ECSEC for members were receipted in the Spec Ed Part B funds and never transferred into the appropriate ECSEC fund. As a result, the requested funds that belonged to the ECSEC were commingled with the Special Ed Part B fund transactions that benefited solely the School Corporation and not the other remaining members. Audit procedures over Special Ed Part B fund transactions revealed a lack of a review or approval process over payroll disbursements; however, sampled transactions as a whole, were made in compliance with Activities Allowed or Unallowed.

Context

The lack of controls and noncompliance were systematic issues, which occurred throughout the audit period. Additionally, adequate documentation did not support ECSEC expenditures allocated to the grant for members' credits and the comingling of Special Ed Part B funds and expenditures identified in the *Condition*.

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). . . ."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

34 CFR 80.20 states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

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(Continued)

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
 - (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. . . ."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

The School Corporation and the ECSEC had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed compliance requirement. Additionally, an effective internal control structure had not been established to ensure adequate documentation over the ECSEC expenditures allocated to the grant for members' credits, and the comingling of Special Ed Part B funds and expenditures identified in the *Condition*.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation and to the ECSEC. Additionally, the failure to maintain adequate documentation over the ECSEC expenditures allocated to the grant for members' credits and the comingling of Special Ed Part B funds prevented the determination of the School Corporation's compliance relating to Activities Allowed and Unallowed and expenditures identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Activities Allowed or Unallowed compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure adequate supporting documentation will be maintained.

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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 2016-008

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-014-PN01, 99914-016-TA01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

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 2014-003.

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was the administrator of the ECSEC. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Expenditures made by the School Corporation out of Special Ed Part B funds for salaries and benefits charged to the Special Education Cluster (IDEA) were paid without adequate documentation to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. Personnel Activity Reports or other documentation of personnel expenses for employees who worked on multiple activities or cost objectives during the audit period were not completed or presented. Also, Semi-Annual Certifications or other documentation of personnel expenses for employees whose salaries were paid 100 percent out of the grant funds were not accurate or completed. The following is a list of issues found during our audit:

1. In a test performed on 31 employees, 21 of those transactions were not supported by Personnel Activity Reports or other personnel expense documentation to support the percentage of their pay being charged to the Special Education Cluster (IDEA).
2. For two employees who did complete Personnel Activity Reports or other personnel expense documentation, only 12 out of 20 Personnel Activity Reports or other personnel expense documentation were signed by a supervisor.
3. The School Corporation maintained a listing of employees who were to be paid from the Special Ed Part B funds. The School Corporation paid two employees from the Special Ed Part B funds who were not on that list.
4. The School Corporation did not maintain personnel expense documentation to support substitutes' pay that was charged to the Special Education Cluster (IDEA).

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(Continued)

Furthermore, the ECSEC provided special education services to its participating member school corporations (members) and billed them from expenditures paid within the ECSEC funds during the audit period. The ECSEC gave its members credits on their bills for amounts the members were awarded from the budgeted grant category, *Services from Another Educational Agency*. Members did not directly request reimbursement for *Services from Another Educational Agency*, but rather, the ECSEC requested reimbursement on the member's behalf for special education services provided under other categories such as *Certified Salaries, Non-Certified Salaries, Employee Benefits, Purchased/Contracted Services, Conference/Travel, Materials/Supplies, and Buildings*. The ECSEC did not provide any documentation to support the allocation charged to the grant for members' credits in order to test the population for Allowable Costs/Cost Principles. Total allocations charged to Special Education Grants to States by the ECSEC for member's credits for school years ending June 30, 2015 and 2016, were \$345,319 and \$247,449, respectively.

The funds requested by the ECSEC for members were receipted in the Spec Ed Part B funds and never transferred into the appropriate ECSEC fund. As a result, the requested funds that belonged to the ECSEC were commingled with the Special Ed Part B fund transactions that benefited solely the School Corporation and not the other remaining members. Audit procedures over Special Ed Part B fund transactions revealed a lack of a review or approval process over payroll disbursements; however, sampled transactions as a whole, were made in compliance with Allowable Costs/Cost Principles.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Additionally, documentation was not provided to support the expenditures identified in the *Condition*.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

OMB Circular A-87, Attachment 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:

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(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. . . ."

OMB Circular A-87, Attachment B, Section 8(h) states in part:

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

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

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award, . . .

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

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(Continued)

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

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to Personnel Activity Reports or other documentation of personnel expenses and the expenditures identified in the *Condition*.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation and to the ECSEC. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to Personnel Activity Reports and other documentation of personnel expenses and the expenditures identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure adequate supporting documentation will be maintained.

Views of Responsible Officials

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-009

Subject: Special Education Cluster (IDEA) - Cash Management

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-014-PN01, 99914-016-TA01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was the administrator of the ECSEC. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

The reimbursement request form prescribed by Indiana Department of Education required dual signatures before submission. Multiple reimbursement requests presented for audit did not have the required dual signatures.

Expenditures charged to the Special Education Cluster (IDEA) were paid without adequate documentation; therefore, it could not be determined whether expenditures were paid prior to the School Corporation and the ECSEC requesting reimbursement.

The ECSEC, who operated out of its own fund on the School Corporation's ledger and provided services to its member school corporations (members) and billed its members for those services, requested special education funds on behalf of its members in exchange for credits on its members' bills. The members budgeted and used the category, *Services from Another Educational Agency*, to account for the activity they wanted to receive from the ECSEC. For instance, the grant award, 14215-016-PN01, the ECSEC requested reimbursement on April 15, 2015, and on September 15, 2015, for the activities, *Certified Salaries* and *Employee Benefits*, but did not provide any supporting documentation for a total of \$214,569 requested. The ECSEC's requested funds were received by the School Corporation and comingled with the School Corporation's Spec Ed Part B funds. The ECSEC did not bill its members for its services until January 8, 2016. The funds the ECSEC requested were never transferred to the appropriate School Corporation fund to reimburse the credits that were given to the ECSEC members.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Additionally, documentation was not provided to support requests for reimbursement and that expenditures were made prior to the request, and evidence was not presented to support approval of requests identified in the *Condition*.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR section 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 74.22 states in part:

"Reimbursement is the preferred method when the requirements in paragraph (b) of this section cannot be met. . . (e)(1) When the reimbursement method is used, the Secretary makes payment within 30 days after receipt of the billing, unless the billing is improper. . . ."

(f) . . . Thereafter, the Secretary reimburses the recipient for its actual cash disbursements. . . ."

34 CFR 76.702 states: "A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds."

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Cash Management compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to the reimbursement requests and expenditures identified in the *Condition*.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation and to the ECSEC. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to the reimbursement requests and expenditures identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Cash Management compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure supporting documentation will be maintained.

Views of Responsible Officials

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

FINDING 2016-010

Subject: Special Education Cluster (IDEA) - Period of Performance

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-014-PN01, 99914-016-TA01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was the administrator of the ECSEC. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

agreement and the Period of Performance compliance requirement. There were no controls in place to ensure that all expenditures charged to the grant fund were obligated within the Period of Performance. Expenditures charged by the School Corporation and the ECSEC to the Special Education Cluster (IDEA) were paid with either no supporting or adequate documentation to determine if expenditures were within the Period of Performance.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Additionally, documentation was not provided to support the expenditures identified in the *Condition*.

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). . . ."

34 CFR 80.23 states:

"(a) *General*. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations*. A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

2 CFR 200.343 states in part:

". . . (a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.

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(Continued)

(b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. . . ."

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Period of Performance compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to the expenditures identified in the *Condition*.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation and to the ECSEC. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to the expenditures identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Period of Performance compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure supporting documentation will be maintained.

Views of Responsible Officials

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-011

Subject: Special Education Cluster (IDEA) - Level of Effort/Maintenance of Effort and Earmarking

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-014-PN01, 99914-016-TA01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the level of effort - maintenance of effort (MOE) and Earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement. There were no controls in place to ensure that MOE and Earmarking requirements were fulfilled.

The School Corporation was required to calculate MOE through two calculations prescribed by the Indiana Department of Education. The School Corporation did not provide adequate supporting documentation to verify how they met MOE requirements. The financial information used in the calculation for fiscal year 2014 varied from one grant application year to the next. The child count used for fiscal year 2014 did not agree with the state or School Corporation's records.

The School Corporation did not comply with Earmarking requirements. For grant award, 14216-041-PN01, the School Corporation was allocated a proportionate share of \$48,632 to non-public schools; however, the School Corporation only earmarked \$40,428.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Controls were not properly designed to ensure compliance with the MOE and Earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement. In addition, the amounts reported for MOE were not supported by the School Corporation's records.

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:

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(Continued)

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

34 CFR 76.702 states: "A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds."

34 CFR 80.20 states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. . . ."

2 CFR 200.302 states in part:

"(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

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

GOSHEN COMMUNITY SCHOOLS
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 set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.
- (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. . . ."

34 CFR 299.5(a) states:

"*General.* An LEA receiving funds under an applicable program listed in paragraph (b) of this section may receive its full allocation of funds only if the SEA finds that either the combined fiscal effort per student or the aggregate expenditures of State and local funds with respect to the provision of free public education in the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding fiscal year."

Cause

The School Corporation had not established a proper internal control structure that would have ensured compliance with the grant agreement and the MOE and Earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to MOE and Earmarking requirements identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement. Additionally, we recommended that management of the School Corporation establish controls to ensure supporting documentation will be maintained.

Views of Responsible Officials

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-012

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-014-PN01, 99914-016-TA01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was the administrator of the ECSEC. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. There were no controls in place to ensure that all expenditures charged to the grant fund were reported correctly.

Reimbursement requests used by the School Corporation to claim expenditures charged to the Special Education Cluster (IDEA) were submitted without an oversight, review, or approval process to ensure they were accurate and without adequate documentation to ensure compliance with the Reporting compliance requirement.

The ECSEC, who requested funds on behalf of its member school corporations (members), did not provide any documentation supporting its reimbursement requests and reimbursement requests were submitted without an oversight, review, or approval process to ensure they were accurate and in compliance with the Reporting compliance requirement. In addition, the ECSEC prepared and submitted the final reports for its members without an oversight, review, or approval process to ensure final reports were accurate and in compliance with the Reporting compliance requirement.

Context

The lack of controls and noncompliance were systemic issues which occurred throughout the audit period. Additionally, documentation was not provided to support the reimbursement requests and expenditures identified in the *Condition*.

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. . . ."

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20 states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. . . ."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

Cause

The School Corporation had not established a proper internal control structure that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation and to the ECSEC. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to reporting identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Reporting compliance requirement. Additionally, we recommended that management of the School Corporation establish controls to ensure supporting documentation will be maintained.

Views of Responsible Officials

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

FINDING 2016-013

Subject: English Language Acquisition State Grants - Activities
Allowed or Unallowed and Cash Management

Federal Agency: Department of Education

Federal Program: English Language Acquisition State Grants

CFDA Number: 84.365

Federal Award Numbers and Years (or Other Identifying Numbers): 01113-318-PN01, 01114-026-PN01,
01115-023-PN01, 01116-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Cash Management

Audit Finding: Material Weakness

Condition

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

Activities Allowed or Unallowed

There was no evidence of controls over payroll disbursements to ensure compliance with the requirements of Activities Allowed or Unallowed compliance requirement. A review or approval process was not evident prior to payroll disbursements being made.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash Management

There was no evidence provided for audit that the person who reviewed and approved the requests used any supporting documentation for four requests for reimbursement. An abstract of the School Corporation's ledger was performed to determine the amounts requested for reimbursement were paid for prior to requesting the funds.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and Cash Management compliance requirements. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds.

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.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-014

Subject: English Language Acquisition State Grants - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: English Language Acquisition State Grants

CFDA Number: 84.365

Federal Award Numbers and Years (or Other Identifying Numbers): 01113-318-PN01, 01114-026-PN01,
01115-023-PN01, 01116-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Adequate Personnel Activity Reports or other personnel expense documentation to support the percentage of pay being charged to the grant was not maintained for 21 of 40 employee payroll transactions tested. Of the 19 employee payroll transactions that did have Personnel Activity Reports or other personnel expense documentation, none indicated approval by a supervisor, and 10 of those employees were paid more from the grant than the Personnel Activity Report or other personnel expense documentation had documented. In addition, there was no evidence of controls over payroll disbursements to ensure compliance with the requirements of Allowable Costs/Cost Principles. A review or approval process was not evident prior to payroll disbursements being made.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Additionally, adequate documentation was not provided to support the expenditures identified in the *Condition*.

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:

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

OMB Circular A-87, Attachment 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:

- (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. . . ."

OMB Circular A-87, Attachment B, Section 8(h) states in part:

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

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award, . . .

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

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

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to Personnel Activity Reports or other documentation of personnel expenses and the expenditures identified in the *Condition*.

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 with the Allowable Cost/Cost Principles compliance requirement.

Views of Responsible Officials

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-015

Subject: English Language Acquisition State Grants - Period of Performance

Federal Agency: Department of Education

Federal Program: English Language Acquisition State Grants

CFDA Number: 84.365

Federal Award Numbers and Years (or Other Identifying Numbers): 01113-318-PN01, 01114-026-PN01,
01115-023-PN01, 01116-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

1. The School Corporation charged \$1,176 on November 24, 2014, to grant award 0113-318-PN01 in which the obligation surpassed the period of performance. The School Corporation did correct this error on June 29, 2015; however, this was significantly past the award's end date. In addition, the School Corporation charged \$813 on February 12, 2016, to grant award 01114-026-PN01 for payroll expenses that were obligated after the period of performance.
2. The School Corporation charged payroll expenses to grant award 01116-023-PN01 on August 14, 2015, and August 28, 2015, of \$253 and \$729; respectively, that were incurred prior to the start of the period of performance.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 80.23 states:

"(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

2 CFR 200.343 states in part:

". . . (a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.

(b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award."

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Period of Performance 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 with the Period of Performance compliance requirement.

Views of Responsible Officials

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-016

Subject: English Language Acquisition State Grants - Reporting
Federal Agency: Department of Education
Federal Program: English Language Acquisition State Grants
CFDA Number: 84.365
Federal Award Numbers and Years (or Other Identifying Numbers): 01113-318-PN01, 01114-026-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

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

The Indiana Department of Education required Financial End Reports. The School Corporation did not present Financial End Reports for audit.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

34 CFR 80.20 states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

GOSHEN COMMUNITY SCHOOLS
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(Continued)

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
 - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
 - (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. . . ."

2 CFR 200.302 states in part:

"(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

(b) The financial management system of each non-Federal entity must provide for the following: . . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.
- (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 established a proper internal control structure that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements 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 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 2016-017

Subject: English Language Acquisition State Grants - Special Tests
and Provisions - Participation of Private School Children

Federal Agency: Department of Education

Federal Program: English Language Acquisition State Grants

CFDA Number: 84.365

Federal Award Numbers and Years (or Other Identifying Numbers): 01113-318-PN01, 01114-026-PN01,
01115-023-PN01, 01116-023-PN01

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation did not provide evidence to support whether they conducted consultations with all private school officials to determine the educational services to be provided to eligible private school children.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. Additionally, documentation was not provided to support whether consultations were conducted as identified in the *Condition*.

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

20 USC 7881(c)(1) states in part:

"To ensure timely and meaningful consultation, a State educational agency, local educational agency, educational service agency, consortium of those agencies, or entity shall consult with appropriate private school officials during the design and development of the programs under this chapter, on issues such as—

- (A) how the children's needs will be identified;
- (B) what services will be offered;
- (C) how, where, and by whom the services will be provided;
- (D) how the services will be assessed and how the results of the assessment will be used to improve those services;
- (E) the size and scope of the equitable services to be provided to the eligible private school children, teachers, and other educational personnel and the amount of funds available for those services; and
- (F) how and when the agency, consortium, or entity will make decisions about the delivery of services, including a thorough consideration and analysis of the views of the private school officials on the provision of contract services through potential third-party providers. . . ."

Laws and Guidance Elementary and Secondary Education, Section 9501 states in part:

"(a)(1) . . . Except as otherwise provided in this Act, to the extent consistent with the number of eligible children in areas served by a State educational agency, local educational agency, educational service agency, consortium of those agencies, or another entity receiving financial assistance under a program specified in subsection (b), who are enrolled in private elementary

GOSHEN COMMUNITY SCHOOLS
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(Continued)

schools and secondary schools in areas served by such agency, consortium, or entity, the agency, consortium or entity shall, after timely and meaningful consultation with appropriate private school officials provide to those children and their teachers or other educational personnel, on an equitable basis, special educational services or other benefits that address their needs under the program. . . .

(b) APPLICABILITY-

(1) IN GENERAL - This section applies to programs under -

- (A) subparts 1 and 3 of part B of title I;
- (B) part C of title I;
- (C) part A of title II; to the extent provided in paragraph (3);
- (D) part B of title II;
- (E) part D of title II;
- (F) part A of title III;
- (G) part A of title IV; and
- (H) part B of title IV. . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

The School Corporation had not established a proper internal control structure that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to the consultations identified in the *Condition*.

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. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to Special Tests and Provisions - Participation of Private School Children identified in the *Condition*.

GOSHEN COMMUNITY SCHOOLS
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 to ensure compliance with the Special Tests and Provisions - Participation of Private School Children compliance requirement. Additionally, we recommended that management of the School Corporation establish controls to ensure supporting documentation will be maintained.

Views of Responsible Officials

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

FINDING 2016-018

Subject: School Improvement Grants - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting

Federal Agency: Department of Education

Federal Program: School Improvement Grants

CFDA Number: 84.377

Federal Award Numbers and Years (or Other Identifying Numbers): 15-2315, 16-2315

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

There was no evidence of controls over payroll disbursements to ensure compliance with the requirements of Activities Allowed or Unallowed and Allowable Costs/Cost Principles. A review or approval process was not evident prior to payroll disbursements being made.

Cash Management and Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure that costs were paid prior to reimbursements being requested and that requests for reimbursement and final reports were accurately prepared. One person was responsible for preparing and submitting the requests and reports. There was no evidence of segregation of duties, such as an oversight or approval process, or another compensating control.

Context

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation 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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-019

Subject: School Improvement Grants - Suspension and Debarment
Federal Agency: Department of Education
Federal Program: School Improvement Grants
CFDA Number: 84.377
Federal Award Numbers and Years (or Other Identifying Number): 15-2315, 16-2315
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

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

There was no evidence provided for audit to ensure that vendors were neither suspended nor debarred.

Context

There were contracts with a vendor for both school years that exceeded \$25,000, none of which had evidence that anyone at the School Corporation verified the vendor was neither suspended nor debarred.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

GOSHEN COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 established an effective internal control structure that would have ensured compliance with the grant agreement and the 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 with the 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.

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AUDITEE-PREPARED DOCUMENTS

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



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Mr. Steve Hope

*Assistant Superintendent-
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Director of Finance
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Food Service Director
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*Transportation
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Mrs. Shelly Sharkey

Technology Director
Mr. David M. Snyder

*Assistant HR Director &
Health Services
Coordinator*
Mrs. Susan Stiffney

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: 2012-13, 2013-14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kelley Kitchen, effective 8/16/2017
Contact Phone Number: 574-533-8631

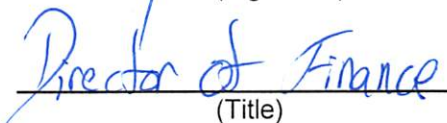
Status of Audit Finding:

Goshen Community Schools as LEA for Elkhart County Special Education Cooperative implemented a tracking log to ensure that time and effort logs and semi-annual certifications were completed by staff paid from federal grants. This change was effective 7/1/2014.

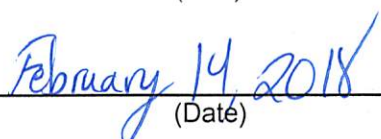
The ECSEC business office submits the Grant Check sheet when a new project period is started to code current ECSEC employees to the correct General Ledger account in the financial software. This change was effective 10/1/2017.



(Signature)



(Title)



(Date)



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*Assistant HR Director &
Health Services
Coordinator*
Mrs. Susan Stiffney

May 4, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-001 Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action Plan:

Payroll Disbursements:

Initial hires for both certified and non-certified employees are approved by the Board of Trustees according to an adopted salary schedule, employee contract, or Teacher Master Contract. Prior to each Board meeting, the Assistant Superintendent of Human Resources and the Executive Director of Finance will proof and authorize all recommendations, personnel wages and personnel changes. The signed/authorized personnel roster will be kept in the finance department. The Executive Director of Finance thru the use of appropriate form (Contract Adjustment) will authorize the Payroll Department to adjust the financial software system.

Time records are created within TimeForce time clock system or the WillSub substitute system. The appropriate supervisor or administrator will approve the electronic records. The system will allow only approved management authorizers to change or adjust time. Training for management on these processes will be developed and completed.

The Director of Finance receives the Deposit report from the Payroll Specialist and approves prior to release at the bank for payment of payroll. All employee benefits are reconciled by the Benefits Specialist and approved the Director of Finance prior to payment.

Financial Close and Reporting

The Finance Office has established monthly financial reports that are submitted to the Board of Trustees for approval. Additional electronic reports have been created to verify fund balances to actual expenditures and revenues. Upon the creation of the Form 9, electronic financial report fund transactions will be compared to Form 9 balances. The Assistant Treasurer will process the Form 9. The Director of Finance will approve and sign off on the Form 9. The same processes will occur for every financial statement completed.

FINDING 2016-001

Monitoring of Controls

A process manual that details instructions and Board policy for all financial transactions for established internal controls will be completed and trained during the Summer of 2018. Monthly documented meetings for Grant, Operations, Human Resources, and Building personnel with the Finance Department occur to review transactions to ensure proper Internal Controls.

Anticipated Completion Date: June 30, 2018

**Kelley D. Kitchen
Executive Director of Finance
May 14, 2018**



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Mr. David M. Snyder

*Assistant HR Director &
Health Services
Coordinator*
Mrs. Susan Stiffney

May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action Plan:

The Director of Finance/Treasurer has implemented the following to ensure prevention, detection and correction of errors on the schedule of expenditures of Federal Awards (SEFA).

- a. Monthly Reconciliation of Grant Fund in Financial Software to Grant Reimbursement form.
- b. Approval of reimbursement request for grant fund by both Director of Finance and program Director.
- c. Segregation of duties in completion of SEFA with the Assistant Treasurer completing and both the Program Director and Director of Finance approving balances prior to submission.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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Mrs. Susan Stiffney

May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-003

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance and Wendy Hite, ESCEC Director
Contact Phone Number: 574-533-8631

Views of Responsible Official: Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action Plan:

Goshen Community Schools acts as the LEA for the Elkhart County Special Education Cooperative (ECSEC). An estimated bill for the following school year will be sent to each member school in June. Payments will be due quarterly. Credits will not be issued on the bill to the member schools and the member schools will be reimbursed for their entire allocated Special Ed Part B funds. Upon receipt of the allocated reimbursement funds, GCS will issue checks to all member schools. The balance of the co-mingled funds will be redistributed by June 30, 2018.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Person Responsible for Corrective Action: Greg Beachey, Director of Food Service and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: Adequate documentation and approval processes were not in place for employees using time sheets.

Description of Corrective Action Plan: Time records are created within Time Force time clock system. The appropriate supervisor or administrator will approve the electronic records. The system will allow only approved management authorizers to change or adjust time. Training for management on these processes will be developed and completed.

Views of Responsible Official: Documented controls were not in place to ensure compliance for the School Lunch fund balance

Description of Corrective Action Plan: Cafeteria Managers shall reconcile daily to the POS system. Building bookkeepers shall confirm deposit. The Food Service Director (FSD) shall prepare the school lunch balance report for the Asst Treasurer each month. This report will be verified by both parties.

Views of Responsible Official: Federal reimbursement rates were not reviewed after entered into software. No documentation or prescribed method for application review.

Description of Corrective Action Plan: Reimbursement rates are entered by either a technician or the FSD and reviewed and confirmed by the other. This practice was in place for the time of review and continues. A second audit of applications will be completed by an employee other than the original approver. The auditor will review 10% of the applications that are received by the school. The second review will verify that the eligibility income guidelines were followed correctly. The second reviewer will initial and date the actual applications reviewed.

FINDING 2016-004

Views of Responsible Official: There was no review process or segregation of duties for Monthly Sponsor Claims, Annual Financial Reports or Verification Collection Reports prior to submission.

Description of Corrective Action Plan: The FSD will prepare the monthly claims, Annual Financial Report, and Verification Collection Reports and submit to the Asst Treasurer or other Finance Dept. staff for review before submission to the State.

Views of Responsible Official: There was no documentation of the review process for Verification of Free and Reduced Applications.

Description of Corrective Action Plan: Documentation of the current review plan shall be included with the verification documents each year.

Anticipated Completion Date: For billings after June 30, 2018

Kelley D. Kitchen
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May 14, 2018



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May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-005

Contact Person Responsible for Corrective Action: Greg Beachey, Director of Food Service and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: There were not adequate records of property and equipment.

Description of Corrective Action Plan: All food service equipment will be cataloged and documented in to a searchable database. Bar codes will be attached to all equipment for tracking purposes.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-006

Contact Person Responsible for Corrective Action: Greg Beachey, Director of Food Service and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: An effective internal control system was not in place to reconcile program receipts. GCS concurs with the finding.

Description of Corrective Action Plan: Cafeteria Managers shall reconcile daily to the POS system. The building bookkeepers shall confirm deposit. A separate account will be created specifically for the foodservice deposits from each building. This account will be reconciled monthly by the Finance and Food Service Departments.

Anticipated Completion Date: June 30, 2018

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May 14, 2018



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May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-007

Contact Person Responsible for Corrective Action: Wendy Hite, ECSEC Director and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: Goshen Community Schools (GCS) serves as the LEA for Elkhart County Special Education Cooperative (ECSEC). In this capacity, GCS bills the member schools for special education services rendered. Credits were applied to the billings for services and GCS was reimbursed by requesting reimbursement on the member school's behalf. This procedure did not allow for proper documentation of allocated expenses.

Description of Corrective Action Plan: Goshen Community Schools serving as the LEA for the Elkhart County Special Education Cooperative (ECSEC) will bill all expenses to the member schools. The financial software of GCS will provide the documentation to certify expenses. The member schools will request the entire reimbursement payable to the member school. Credits against federal grant reimbursements will no longer be applied to the billing. By June 30, 2018 all co-mingled funds in the Special Education Part B Fund for both 611 Special Education expenses and Pre-School that belong to member schools will be paid via warrant to the member schools.

Anticipated Completion Date: For billings after June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-008

Contact Person Responsible for Corrective Action: Wendy Hite, ECSEC Director and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: Adequate documentation was not provided to ensure Allowable Costs/Cost Principles were met for staff paid and other expenses from the Special Education Cluster of Funds.

Description of Corrective Action Plan: All certified employees paid 100% from the Special Education Part B Grant Cluster will complete a semi-annual certification form. Any certified employee paid less than 100% from the Special Education Par B Grant Cluster will keep time and effort logs to be submitted monthly. Wendy Hite, Director of ECSEC, will review and approve certified documentation. All non-certified personnel will clock in and clock out using Time Force at GCS or the approved time system at the member schools. Wendy Hite or designee will approve for bi-weekly payroll. Substitutes employed and paid from the ECSEC funds will be documented through the WillSub system. A complete and accurate list of all personnel paid from ECSEC funds will be compiled by GCS payroll services. Changes can only be made with a completed and approved form (see attachment)

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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Mrs. Susan Stiffney

May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-009

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: GCS acting as LEA for ECSEC did not ensure proper documentation prior to filing reimbursement from the Special Education cluster grants

Description of Corrective Action Plan: Requests for reimbursement will not be submitted until the Assistant Treasurer has attached the Accumulated Transaction Report from the financial software system (member schools will provide like documentation). The reimbursement request will require an approval signature from the Executive Director of Finance/Treasurer prior to submittal.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
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May 14, 2018



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Mrs. Susan Stiffney

May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-010

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance and Wendy Hite, ECSEC Director

Contact Phone Number: 574-533-8631

Views of Responsible Official: Adequate documentation was not provided to ensure compliance with the grant agreement and Period of Performance for staff paid and other expenses from the Special Education Cluster of Funds.

Description of Corrective Action Plan: Requests for reimbursement will not be submitted until the Assistant Treasurer has attached the Accumulated Transaction Report to verify expenses from the financial software system (member schools will provide like documentation). The Accumulated Transaction report will list the dates and detail of expenditures to allow review by the Program Director to verify compliance with period of performance and grant requirements. The reimbursement request will require an approval signature from the Executive Director of Finance/Treasurer prior to submittal.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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Mrs. Susan Stiffney

May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-011

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance and Wendy Hite, ECSEC Director

Contact Phone Number:

Views of Responsible Official: GCS must provide adequate documentation of the calculation of MOE and the correct expenditures of earmarked funds.

Description of Corrective Action Plan: All expenses will be properly documented in the Financial Software. Data submitted on MOE application will be approved prior to submission by the Director of ECSEC. The earmarked funds will be properly budgeted in the financial software system. Monthly meetings with all personnel will be held and documented by minutes to ensure that communicated data has been vetted and verified.

Anticipated Completion Date: Immediately

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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May 8, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-012

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: Adequate documentation was not provided to ensure proper reporting of expenses from the Special Education Cluster of Funds.

Description of Corrective Action Plan: Requests for reimbursement will not be submitted until the Assistant Treasurer has attached the Accumulated Transaction Report to verify expenses from the financial software system (member schools will provide like documentation). The Accumulated Transaction report will list the dates and detail of expenditures to allow review by the Program Director to verify compliance with period of performance and grant requirements. The reimbursement request will require an approval signature from the Executive Director of Finance/Treasurer prior to submittal.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
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May 14, 2018



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May 8, 2018

CORRECTIVE ACTION PLAN

Finding 2016-013

Contact Person Responsible for Corrective Action: Dolores Pfenning, Director of English Language Learners and Kelley Kitchen, Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action:

Activities Allowed or Unallowed

Goshen Community Schools has established comprehensive internal controls whereas, the Director of English Language Learners checks to ensure correct personnel are charged to the appropriate grant; compensation is based on allowable activities; and reimbursement is not requested until activities are completed. Initial hires for both certified and non-certified employees are approved by the Board of Trustees according to an adopted salary schedule, employee contract, or Teacher Master Contract. Prior to each Board meeting, the Assistant Superintendent of Human Resources and the Executive Director of Finance will proof and authorize all recommendations, personnel wages and personnel changes. The signed/authorized personnel roster will be kept in the finance department. The Executive Director of Finance thru the use of appropriate form (Contract Adjustment) will authorize the Payroll Department to adjust the financial software system.

Time records are created within TimeForce time clock system or the WillSub substitute system. The appropriate supervisor or administrator will approve the electronic records. The system will allow only approved management authorizers to change or adjust time. Training for management on these processes will be developed and completed.

The Director of Finance receives the Deposit report from the Payroll Specialist and approves prior to release at the bank for payment of payroll. All employee benefits are reconciled by the Benefits Specialist and approved the Director of Finance prior to payment.

Cash Management

Requests for reimbursement will not be submitted until the Assistant Treasurer has attached the Accumulated Transaction Report from the financial software system. The reimbursement request will require an approval signature from the Director of English Language Learners and the Executive Director of Finance/Treasurer prior to submittal.

2016-013

Anticipated Completion Date: June 30, 2018

**Kelley D. Kitchen
Executive Director of Finance
May 14, 2018**



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May 8, 2018

CORRECTIVE ACTION PLAN

Finding 2016-014

Contact Person Responsible for Corrective Action: Dolores Pfenning, Director of English Language Learners

Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action: Goshen Community Schools has established comprehensive internal controls whereas, the Director of English Language Learners checks to ensure correct personnel are charged to the appropriate grant; compensation is based on allowable activities; and reimbursement is not requested until activities are completed. Initial hires for both certified and non-certified employees are approved by the Board of Trustees according to an adopted salary schedule, employee contract, or Teacher Master Contract. Prior to each Board meeting, the Assistant Superintendent of Human Resources and the Executive Director of Finance will proof and authorize all recommendations, personnel wages and personnel changes. The signed/authorized personnel roster will be kept in the finance department. The Executive Director of Finance thru the use of appropriate form (Contract Adjustment) will authorize the Payroll Department to adjust the financial software system.

Time records are created within TimeForce time clock system or the WillSub substitute system. The appropriate supervisor or administrator will approve the electronic records. The system will allow only approved management authorizers to change or adjust time. Training for management on these processes will be developed and completed.

The Director of Finance receives the Deposit report from the Payroll Specialist and approves prior to release at the bank for payment of payroll. All employee benefits are reconciled by the Benefits Specialist and approved the Director of Finance prior to payment.

Time and Effort Logs will be completed for split funded positions and they will be reviewed monthly by the Program Director. Semi Annual Certification will be completed and also reviewed for accuracy.

2016-014

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
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May 14, 2018



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May 9, 2018

CORRECTIVE ACTION PLAN

Finding 2016-015

Contact Person Responsible for Corrective Action: Dolores Pfenning, Director of English Language Learners, and Kelley Kitchen, Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented.

Description of Corrective Action: Requests for reimbursement will not be submitted until the Assistant Treasurer has attached the Accumulated Transaction Report to verify expenses from the financial software system to ensure expenses are appropriate and occurred within the allowed project period. The reimbursement request will require an approval signature from the Director of English Language Learners and the Executive Director of Finance/Treasurer prior to submittal.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



GOSHEN COMMUNITY SCHOOLS

"Inspiring Innovation...Empowering Potential...Enriching Our World"

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Fax: (574) 533-2505
www.goshenschools.org

Superintendent
Dr. Diane B. Woodworth

*Assistant Superintendent-
Elementary Education*
Dr. Alan Metcalfe

*Assistant Superintendent-
Secondary Education*
Dr. Steve Hope

*Assistant Superintendent-
Human Resources &
Professional Development*
Mrs. Tamra Ummel Ed. S.

Director of Finance
Mrs. Kelley Kitchen

Food Service Director
Mr. Greg Beachey

Facilities Director
Mr. Tom Boomershine

*Director of Grants
& Assessments*
Mrs. Mary Kay Longacre

*Executive Director of
Curriculum & Instruction*
Mrs. Tracey Noe

EL Director
Mrs. Dolores Pfenning

*Transportation
Coordinator*
Mrs. Shelly Sharkey

Technology Director
Mr. David M. Snyder

*Assistant HR Director &
Health Services
Coordinator*
Mrs. Susan Stiffney

May 9, 2018

CORRECTIVE ACTION PLAN

Finding 2016-016

Contact Person Responsible for Corrective Action: Mary Kay Longacre, Director of Grants and Assessments

Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action: Goshen Community Schools has established comprehensive internal controls process in which the Director of Grants of Assessments is responsible for completing the online grant tracking spreadsheet to remind appropriate personnel of due dates. Monthly meetings are conducted with all personnel responsible for grant administration to verify due dates and report compliance.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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May 14, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-017 Federal Award Findings and Questioned Costs

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: Although timely and meaningful consultation occurred with appropriate private school officials during the design and development of the program, Goshen Community Schools failed to properly document these consultations. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action Plan:

Special Tests and Provisions:

All timely and meaningful consultations conducted between Goshen Community Schools and the applicable and appropriate private school officials during the design and development of the programs will be documented with signed minutes of the consultation meetings.

Dual signatures on the minutes will consist of a GCS program director signature and an appropriate official from the private school.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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May 9, 2018

CORRECTIVE ACTION PLAN

Finding 2016-018

Contact Person Responsible for Corrective Action: Mary Kay Longacre, Director of Grants and Assessments and Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action:

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Goshen Community Schools has established comprehensive internal controls whereas, the Director of English Language Learners checks to ensure correct personnel are charged to the appropriate grant; compensation is based on allowable activities; and reimbursement is not requested until activities are completed. Initial hires for both certified and non-certified employees are approved by the Board of Trustees according to an adopted salary schedule, employee contract, or Teacher Master Contract. Prior to each Board meeting, the Assistant Superintendent of Human Resources and the Executive Director of Finance will proof and authorize all recommendations, personnel wages and personnel changes. The signed/authorized personnel roster will be kept in the finance department. The Executive Director of Finance thru the use of appropriate form (Contract Adjustment) will authorize the Payroll Department to adjust the financial software system.

Time records are created within TimeForce time clock system or the WillSub substitute system. The appropriate supervisor or administrator will approve the electronic records. The system will allow only approved management authorizers to change or adjust time. Training for management on these processes will be developed and completed.

The Director of Finance receives the Deposit report from the Payroll Specialist and approves prior to release at the bank for payment of payroll. All employee benefits are reconciled by the Benefits Specialist and approved the Director of Finance prior to payment.

Time and Effort Logs will be completed for split funded positions and they will be reviewed monthly by the Program Director. Semi Annual Certification will be completed and also reviewed for accuracy.

Cash Management

Requests for reimbursement will not be submitted until the Assistant Treasurer has attached the Accumulated Transaction Report from the financial software system. The reimbursement request will require an approval signature from the Director of English Language Learners and the Executive Director of Finance/Treasurer prior to submittal.

Finding 2016-018

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018



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May 9, 2018

CORRECTIVE ACTION PLAN

Finding 2016-019

Contact Person Responsible for Corrective Action: Mary Kay Longacre, Director of Grants and Assessments, and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action: Goshen Community Schools has established comprehensive internal controls process in which the Program Director works with the Director of Finance to establish that the following:

1. Business office is registered with System for Award Management (SAM) and will check all vendors before approving purchases or contracts with grant funds above \$25,000.

Anticipated Completion Date: June 30, 2018

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018

OTHER REPORTS

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