

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SCHOOL CITY OF EAST CHICAGO
LAKE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
07/06/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nelson Pena (interim)	07-01-15 to 08-09-15
	Robert Doctor	08-10-15 to 11-29-16
	Nelson Pena (interim)	11-30-16 to 04-12-17
	Lela Simmons	04-13-17 to 12-31-18
Superintendent of Schools	Dr. Youssef Yomtoob	07-01-15 to 06-30-16
	Dr. Paige McNulty	07-01-16 to 12-31-18
President of the School Board	Terence Hill	01-01-15 to 12-31-15
	Joel Rodriguez	01-01-16 to 12-31-16
	Stacy Winfield	01-01-17 to 12-31-17
	Vanessa Hernandez-Orange	01-01-18 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCHOOL CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 June 7, 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

June 7, 2018



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

TO: THE OFFICIALS OF THE SCHOOL CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the School City of East Chicago (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated June 7, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

School City of East Chicago's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

June 7, 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.

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

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		
General	\$ 3,664,834	\$ 36,553,958	\$ 36,815,084	\$ (5,009)	\$ 3,398,699	\$ 38,408,762	\$ 38,018,684	\$ 57,176	\$ 3,845,953
Debt Service	1,234,417	1,788,003	756,000	8,118	2,274,538	2,340,960	2,048,307	-	2,567,191
Exempt Debt	1,911,475	2,056,808	3,389,500	-	578,783	1,667,933	1,472,000	-	774,716
Exempt Pension Debt	345,961	285,727	386,617	-	245,071	349,383	390,016	-	204,438
Capital Projects	1,349,799	2,479,162	1,635,313	(8,118)	2,185,530	3,294,150	3,842,579	-	1,637,101
School Transportation	1,444,259	3,121,016	2,065,440	10,507	2,510,342	3,704,793	1,941,060	6,920	4,280,995
School Bus Replacement	195,361	181,535	-	-	376,896	219,974	286,224	-	310,646
Rainy Day	-	-	-	-	-	-	-	100,000	100,000
Retirement/Severance Bond	20,257	-	-	-	20,257	-	-	-	20,257
Post-Retirement/Severance Future Benefits	1,329,441	110,279	628,944	-	810,776	171,625	195,607	-	786,794
School Disaster	-	-	-	-	-	-	518,182	2,805,000	2,286,818
Lincoln Bond/Building Corporation Proceeds	497,011	247,994	590,481	-	154,524	-	154,524	-	-
GO Bond/2016	-	-	-	-	-	-	110,354	2,027,654	1,917,300
Central High School Building Corp	16,944	-	-	-	16,944	-	-	-	16,944
School Lunch	513,869	3,071,739	3,481,909	-	103,699	3,412,253	2,905,979	-	609,973
Textbook Rental	360,222	307,618	292,613	-	375,227	295,029	377,653	-	292,603
Repair and Replacement	1,180,861	218,564	389,144	-	1,010,281	1,967	649,815	-	362,433
Self-Insurance	3,012,252	3,332,760	3,330,135	(2,767,735)	247,142	36,563	31,065	-	252,640
Levy Excess	-	681	-	(681)	-	-	-	-	-
Alternative Education	10,296	6,938	-	-	17,234	-	-	-	17,234
Early Intervention Grant	-	-	-	-	-	23,886	23,886	-	-
Back Packs	9,940	2,500	-	-	12,440	-	-	-	12,440
Scholarship	8,000	57,000	1,000	-	64,000	11,960	4,000	-	71,960
Youth Inv Award	27	-	-	-	27	-	-	-	27
School Improvement	43,441	-	18,852	-	24,589	-	13,710	-	10,879
Commission	4,792	-	1,555	-	3,237	-	-	-	3,237
State - Adult 14-15	(725)	1,074	349	-	-	-	-	-	-
State - Adult 15-16	-	43,382	43,382	-	-	2,131	2,131	-	-
State - Adult 16-17	-	-	-	-	-	39,711	44,934	-	(5,223)
Education Collaboration FEC08-835	572	-	-	-	572	-	-	-	572
Lilly - C.C.I. Gr	-	-	-	-	-	30,000	23,539	-	6,461
FEC - CG ART 2015	-	500	499	-	1	-	-	-	1
Printing and Binding	144	-	144	-	-	-	-	-	-
Kids in Need Foundation 12-13	1	-	-	(1)	-	-	-	-	-
ECEF - GOSCH	-	-	-	-	-	5,304	3,045	-	2,259
Twin Cities Education Foundation Youth Employment Program	977	-	977	-	-	-	-	-	-
Cultural Arts	-	10,000	10,000	-	-	10,000	10,000	-	-
Jag Award 2017	-	-	-	-	-	200	200	-	-
FEC - General Operations	4,500	11,100	9,900	-	5,700	-	-	-	5,700
David Yomtoob	1,000	(1,000)	-	-	-	-	-	-	-
Special Olympics	19,113	6,379	13,887	-	11,605	26,638	15,921	-	22,322
Wellness Activities	-	12,500	4,300	-	8,200	-	6,248	-	1,952
Rally	3,512	2,110	5,044	-	578	3,940	1,624	-	2,894
Parent University	213	-	-	(213)	-	-	-	-	-
Vision Athena Grant	1,958	-	-	-	1,958	-	-	-	1,958
Arcelormittal - Project Lead the Way 2009	25,014	-	21,683	-	3,331	-	-	-	3,331
IUN Urban Teacher Education Program Grant	46,605	-	-	-	46,605	-	-	-	46,605
MHS Health and Enrollment Fair Sponsorship	510	-	361	-	149	-	-	-	149
Tobacco Survey Central	-	-	-	-	-	500	500	-	-
Formative Assessment	-	-	-	-	-	56,513	-	(56,513)	-
Computer Consortium/Ed Tech Advance	218,197	746,453	868,703	-	95,947	111,375	188,267	-	19,055
High Ability 14-15	16,983	-	16,983	-	-	-	-	-	-
High Ability 15-16	-	44,106	27,794	-	16,312	-	16,312	-	-
High Ability 16-17	-	-	-	-	-	42,718	22,647	-	20,071

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

Fund	Cash and Investments 07-01-15		Disbursements	Other Financing Sources (Uses)		Cash and Investments 06-30-16		Other Financing Sources (Uses)		Cash and Investments 06-30-17	
	Receipts					Receipts	Disbursements			Receipts	Disbursements
Medicaid Reimbursement	266,237	50,406	9,169	-	307,474	50,226	137,783	-	-	219,917	489
Extra-Curricular Activities	950	-	461	-	489	-	-	-	-	-	489
Harcourt Testing Donation	1,686	-	1,686	-	-	-	-	-	-	-	-
Non-English Speaking 14-15	18,973	510	19,483	-	-	-	-	-	-	-	-
Non-English Speaking 15-16	-	126,074	99,210	-	26,864	-	26,864	-	-	-	-
Non-English Speaking 16-17	-	-	-	-	-	117,275	93,501	-	-	23,774	-
Career and Technical Performance Grant	-	-	-	-	-	6,173	2,651	-	-	3,522	-
Indiana School Academic Improvement Program (ISAIP)	-	-	-	-	-	-	49,476	-	-	(49,476)	-
Adult Basic Education - Workone	342	-	-	-	342	-	-	-	-	342	-
Medical Insurance	244,517	-	608,566	2,767,735	2,403,686	-	499,116	(100,000)	-	1,804,570	-
Worker's Comp	-	531,769	531,769	-	-	209,301	209,301	-	-	-	-
GED	206	1,800	698	(1,328)	(20)	1,422	317	(664)	-	421	-
FEC - 2016 Mt. Ver	-	-	-	-	-	500	500	-	-	-	-
Title I - School Improvement 14-15	-	32,747	32,807	60	-	-	-	-	-	-	-
Title I - School Improvement 16-17	-	-	-	-	-	181	181	-	-	-	-
Title I - NCLB 14-15	(505,521)	1,509,532	1,005,658	1,647	-	-	-	-	-	-	-
Title I - NCLB 15-16	-	2,977,983	3,138,416	(4,686)	(165,119)	714,491	542,453	(6,919)	-	-	-
Title I - NCLB 16-17	-	-	-	-	-	2,526,743	2,705,098	-	-	(178,355)	-
Spec. Education 13-15	(184,256)	343,704	159,448	-	-	-	-	-	-	-	-
Spec. Education 14-16	(111,712)	377,370	281,554	-	(15,896)	180,069	164,173	-	-	-	-
Spec. Education 15-17	-	755,329	787,705	-	(32,376)	219,679	218,099	-	-	(30,796)	-
Spec. Education 16-18	-	-	-	-	-	714,301	775,625	-	-	(61,324)	-
Spec. Education TA	-	23,663	23,663	-	-	-	-	-	-	-	-
Preschool 14-16	(3,126)	21,684	19,370	-	(812)	1,081	269	-	-	-	-
Preschool 15-17	-	33,054	34,370	-	(1,316)	14,776	13,460	-	-	-	-
Preschool 16-18	-	-	-	-	-	38,373	39,815	-	-	(1,442)	-
Adult Education 14-15	(12,725)	17,233	4,508	-	-	-	-	-	-	-	-
Adult Education 15-16	-	9,493	15,130	-	(5,637)	17,945	12,308	-	-	-	-
Adult Education 16-17	-	-	-	-	-	-	18,611	-	-	(18,611)	-
Empowerment Zone	296	-	-	(296)	-	-	-	-	-	-	-
Carl Perkins 14-15	(15,358)	27,776	12,418	-	-	-	-	-	-	-	-
Carl Perkins 15-16	-	98,089	108,855	-	(10,766)	35,733	24,967	-	-	-	-
Carl Perkins 16-17	-	-	-	-	-	62,014	69,800	-	-	(7,786)	-
Diesel Emissions Reduction Act	10,491	-	-	-	10,491	-	-	-	-	10,491	-
Medicaid Reimbursement - Federal	236,843	139,020	118,782	-	257,081	138,523	246,297	-	-	149,307	-
School to Work Development Act	2,214	-	-	-	2,214	-	-	-	-	2,214	-
Title II Part A, Improving Teacher Quality 13-15	(29,304)	162,385	133,081	-	-	-	-	-	-	-	-
Title II Part A, Improving Teacher Quality 14-16	(1,564)	256,843	268,488	-	(13,209)	133,666	120,457	-	-	-	-
Title II Part A, Improving Teacher Quality 15-17	-	49,084	53,288	-	(4,204)	296,429	317,182	-	-	(24,957)	-
Title III Part A 14-16	(2,591)	51,078	48,487	-	-	-	-	-	-	-	-
Title III Part A 15-17	-	53,951	55,299	-	(1,348)	52,055	50,707	-	-	-	-
Title III Part A 16-18	-	-	-	-	-	33,823	37,345	-	-	(3,522)	-
Health Clinic C.L.A.S.S. 15-16	(16,908)	17,842	934	-	-	-	-	-	-	-	-
Health Clinic C.L.A.S.S. 16-17	-	32,751	47,861	-	(15,110)	46,286	31,176	-	-	-	-
Health Clinic C.L.A.S.S. 17-18	-	-	-	-	-	50,044	66,794	-	-	(16,750)	-
United Way Summer Enrichment Grant	1,820	9,654	9,112	-	2,362	10,133	381	-	-	12,114	-
Withholdings	15,892	9,297,608	9,292,605	-	20,895	9,160,525	9,164,875	-	-	16,545	-
Workers Compensation	2,231	262	2,493	-	-	-	-	-	-	-	-
Flex Trust	2,161	835	1,578	-	1,418	-	-	-	-	1,418	-
Totals	\$ 17,413,827	\$ 71,708,415	\$ 71,733,545	\$ -	\$ 17,388,697	\$ 69,100,035	\$ 68,958,595	\$ 4,832,654	\$ -	\$ 22,362,791	

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

SCHOOL CITY OF EAST CHICAGO
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.

SCHOOL CITY OF EAST CHICAGO
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:

SCHOOL CITY OF EAST CHICAGO
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.

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

SCHOOL CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SCHOOL CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipt

The financial statement contains a receipt which appears as a negative entry. This is a result of reimbursable expenses and refunds issued.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is largely the result of funds that are set up for reimbursable grants.

SCHOOL CITY OF EAST CHICAGO
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporation

The School Corporation has entered into capital leases with the East Chicago Multi-School Building Corporation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$4,145,000 and \$2,228,000, respectively.

Note 10. Subsequent Events

The School Corporation acquired a General Obligation Bond in the amount of \$4,000,000. The closing of this bond was May 21, 2018. The School Board approved the Resolution on April 16, 2018. The proceeds of this bond will be used for (but is not limited to) facility renovation and demolition, water meter replacement, public address systems, heating and HVAC improvements, roof replacement, parking lot resurfacing, playground improvements, security measures, and the purchase of various equipment, technology, and software.

Note 11. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: 401(A) annuity plan and healthcare insurance. 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.

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

	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond	Post-Retirement/Severance Future Benefits	School Disaster
Cash and investments - beginning	\$ 3,664,834	\$ 1,234,417	\$ 1,911,475	\$ 345,961	\$ 1,349,799	\$ 1,444,259	\$ 195,361	\$ -	\$ 20,257	\$ 1,329,441	\$ -
Receipts:											
Local sources	1,745,164	1,788,003	2,056,808	285,727	2,479,162	3,121,016	181,535	-	-	110,279	-
Intermediate sources	118,641	-	-	-	-	-	-	-	-	-	-
State sources	34,640,417	-	-	-	-	-	-	-	-	-	-
Federal sources	22,314	-	-	-	-	-	-	-	-	-	-
Other receipts	27,422	-	-	-	-	-	-	-	-	-	-
Total receipts	36,553,958	1,788,003	2,056,808	285,727	2,479,162	3,121,016	181,535	-	-	110,279	-
Disbursements:											
Instruction	18,707,279	-	-	-	-	-	-	-	-	192,724	-
Support services	17,784,995	-	-	-	1,458,782	1,997,940	-	-	-	436,220	-
Noninstructional services	247,032	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	75,778	-	-	-	176,531	67,500	-	-	-	-	-
Debt service	-	756,000	3,389,500	386,617	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	36,815,084	756,000	3,389,500	386,617	1,635,313	2,065,440	-	-	-	628,944	-
Excess (deficiency) of receipts over disbursements	(261,126)	1,032,003	(1,332,692)	(100,890)	843,849	1,055,576	181,535	-	-	(518,665)	-
Other financing sources (uses):											
Transfers in	1,837	8,118	-	-	-	10,507	-	-	-	-	-
Transfers out	(6,846)	-	-	-	(8,118)	-	-	-	-	-	-
Total other financing sources (uses)	(5,009)	8,118	-	-	(8,118)	10,507	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(266,135)	1,040,121	(1,332,692)	(100,890)	835,731	1,066,083	181,535	-	-	(518,665)	-
Cash and investments - ending	\$ 3,398,699	\$ 2,274,538	\$ 578,783	\$ 245,071	\$ 2,185,530	\$ 2,510,342	\$ 376,896	\$ -	\$ 20,257	\$ 810,776	\$ -

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

	Lincoln Bond/Building Corporation Proceeds	GO Bond/2016	Central High School Building Corp	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Levy Excess	Alternative Education	Early Intervention Grant	Back Packs
Cash and investments - beginning	\$ 497,011	\$ -	\$ 16,944	\$ 513,869	\$ 360,222	\$ 1,180,861	\$ 3,012,252	\$ -	\$ 10,296	\$ -	\$ 9,940
Receipts:											
Local sources	247,994	-	-	151,019	1,850	218,564	3,330,871	-	-	-	2,500
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	5,059	305,468	-	-	681	6,938	-	-
Federal sources	-	-	-	2,915,661	-	-	-	-	-	-	-
Other receipts	-	-	-	-	300	-	1,889	-	-	-	-
Total receipts	247,994	-	-	3,071,739	307,618	218,564	3,332,760	681	6,938	-	2,500
Disbursements:											
Instruction	(5)	-	-	-	-	-	-	-	-	-	-
Support services	45	-	-	3,175	292,613	389,144	-	-	-	-	-
Noninstructional services	-	-	-	3,478,734	-	-	-	-	-	-	-
Facilities acquisition and construction	590,441	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	3,330,135	-	-	-	-
Total disbursements	590,481	-	-	3,481,909	292,613	389,144	3,330,135	-	-	-	-
Excess (deficiency) of receipts over disbursements	(342,487)	-	-	(410,170)	15,005	(170,580)	2,625	681	6,938	-	2,500
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	244,517	-	-	-	-
Transfers out	-	-	-	-	-	-	(3,012,252)	(681)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(2,767,735)	(681)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(342,487)	-	-	(410,170)	15,005	(170,580)	(2,765,110)	-	6,938	-	2,500
Cash and investments - ending	\$ 154,524	\$ -	\$ 16,944	\$ 103,699	\$ 375,227	\$ 1,010,281	\$ 247,142	\$ -	\$ 17,234	\$ -	\$ 12,440

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

	Scholarship	Youth Inv Award	School Improvement	Commission	State - Adult 14-15	State - Adult 15-16	State - Adult 16-17	Education Collaboration FEC08-835	Lilly - C.C.I. Gr	FEC - CG ART 2015	Printing and Binding
Cash and investments - beginning	\$ 8,000	\$ 27	\$ 43,441	\$ 4,792	\$ (725)	\$ -	\$ -	\$ 572	\$ -	\$ -	\$ 144
Receipts:											
Local sources	57,000	-	-	-	-	-	-	-	-	500	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	1,074	43,382	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	57,000	-	-	-	1,074	43,382	-	-	-	500	-
Disbursements:											
Instruction	-	-	-	1,120	349	43,382	-	-	-	499	-
Support services	-	-	18,852	435	-	-	-	-	-	-	144
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,000	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,000	-	18,852	1,555	349	43,382	-	-	-	499	144
Excess (deficiency) of receipts over disbursements	56,000	-	(18,852)	(1,555)	725	-	-	-	-	1	(144)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	56,000	-	(18,852)	(1,555)	725	-	-	-	-	1	(144)
Cash and investments - ending	\$ 64,000	\$ 27	\$ 24,589	\$ 3,237	\$ -	\$ -	\$ -	\$ 572	\$ -	\$ 1	\$ -

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

	Kids in Need Foundation 12-13	ECEF - GOSCH	Twin Cities Education Foundation Youth Employment Program	Cultural Arts	Jag Award 2017	FEC - General Operations	David Yomtoob	Special Olympics	Wellness Activities	Rally
Cash and investments - beginning	\$ 1	\$ -	\$ 977	\$ -	\$ -	\$ 4,500	\$ 1,000	\$ 19,113	\$ -	\$ 3,512
Receipts:										
Local sources	-	-	-	10,000	-	11,100	(1,000)	6,379	12,500	2,110
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	10,000	-	11,100	(1,000)	6,379	12,500	2,110
Disbursements:										
Instruction	-	-	-	10,000	-	-	-	2,693	-	-
Support services	-	-	977	-	-	9,900	-	11,194	4,300	-
Noninstructional services	-	-	-	-	-	-	-	-	-	5,044
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	977	10,000	-	9,900	-	13,887	4,300	5,044
Excess (deficiency) of receipts over disbursements	-	-	(977)	-	-	1,200	(1,000)	(7,508)	8,200	(2,934)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(1)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1)	-	(977)	-	-	1,200	(1,000)	(7,508)	8,200	(2,934)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700	\$ -	\$ 11,605	\$ 8,200	\$ 578

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

	Parent University	Vision Athena Grant	Arcelormittal - Project Lead the Way 2009	IUN Urban Teacher Education Program Grant	MHS Health and Enrollment Fair Sponsorship	Tobacco Survey Central	Formative Assessment	Computer Consortium/ Ed Tech Advance	High Ability 14-15	High Ability 15-16	High Ability 16-17
Cash and investments - beginning	\$ 213	\$ 1,958	\$ 25,014	\$ 46,605	\$ 510	\$ -	\$ -	\$ 218,197	\$ 16,983	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	746,453	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	44,106	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	746,453	-	44,106	-
Disbursements:											
Instruction	-	-	21,683	-	-	-	-	-	16,750	27,794	-
Support services	-	-	-	-	361	-	-	868,703	233	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	21,683	-	361	-	-	868,703	16,983	27,794	-
Excess (deficiency) of receipts over disbursements	-	-	(21,683)	-	(361)	-	-	(122,250)	(16,983)	16,312	-
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(213)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(213)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(213)	-	(21,683)	-	(361)	-	-	(122,250)	(16,983)	16,312	-
Cash and investments - ending	\$ -	\$ 1,958	\$ 3,331	\$ 46,605	\$ 149	\$ -	\$ -	\$ 95,947	\$ -	\$ 16,312	\$ -

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

	Medicaid Reimbursement	Extra- Curricular Activities	Harcourt Testing Donation	Non-English Speaking 14-15	Non-English Speaking 15-16	Non-English Speaking 16-17	Career and Technical Performance Grant	Indiana School Academic Improvement Program (ISAIP)	Adult Basic Education - Workone	Medical Insurance
Cash and investments - beginning	\$ 266,237	\$ 950	\$ 1,686	\$ 18,973	\$ -	\$ -	\$ -	\$ -	\$ 342	\$ 244,517
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	50,406	-	-	-	126,074	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	510	-	-	-	-	-	-
Total receipts	50,406	-	-	510	126,074	-	-	-	-	-
Disbursements:										
Instruction	9,169	-	-	8,883	94,888	-	-	-	-	366,213
Support services	-	461	1,686	10,600	4,322	-	-	-	-	240,116
Noninstructional services	-	-	-	-	-	-	-	-	-	2,237
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,169	461	1,686	19,483	99,210	-	-	-	-	608,566
Excess (deficiency) of receipts over disbursements	41,237	(461)	(1,686)	(18,973)	26,864	-	-	-	-	(608,566)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	3,012,252
Transfers out	-	-	-	-	-	-	-	-	-	(244,517)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	2,767,735
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41,237	(461)	(1,686)	(18,973)	26,864	-	-	-	-	2,159,169
Cash and investments - ending	\$ 307,474	\$ 489	\$ -	\$ -	\$ 26,864	\$ -	\$ -	\$ -	\$ 342	\$ 2,403,686

SCHOOL CITY OF EAST CHICAGO
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	Worker's Comp	GED	FEC - 2016 Mt. Ver	Title I - School Improvement 14-15	Title I - School Improvement 16-17	Title I - NCLB 14-15	Title I - NCLB 15-16	Title I - NCLB 16-17	Spec. Education 13-15	Spec. Education 14-16
Cash and investments - beginning	\$ -	\$ 206	\$ -	\$ -	\$ -	\$ (505,521)	\$ -	\$ -	\$ (184,256)	\$ (111,712)
Receipts:										
Local sources	531,769	-	-	-	-	419	5,088	-	-	32
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	1,800	-	-	-	-	-	-	-	-
Federal sources	-	-	-	32,747	-	1,509,113	2,972,895	-	343,704	377,338
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	531,769	1,800	-	32,747	-	1,509,532	2,977,983	-	343,704	377,370
Disbursements:										
Instruction	-	698	-	-	-	761,160	1,606,873	-	156,663	244,943
Support services	531,769	-	-	32,139	-	180,770	1,378,722	-	2,785	36,611
Noninstructional services	-	-	-	-	-	10,191	152,821	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	668	-	53,537	-	-	-	-
Total disbursements	531,769	698	-	32,807	-	1,005,658	3,138,416	-	159,448	281,554
Excess (deficiency) of receipts over disbursements	-	1,102	-	(60)	-	503,874	(160,433)	-	184,256	95,816
Other financing sources (uses):										
Transfers in	-	-	-	60	-	6,786	-	-	-	-
Transfers out	-	(1,328)	-	-	-	(5,139)	(4,686)	-	-	-
Total other financing sources (uses)	-	(1,328)	-	60	-	1,647	(4,686)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(226)	-	-	-	505,521	(165,119)	-	184,256	95,816
Cash and investments - ending	\$ -	\$ (20)	\$ -	\$ -	\$ -	\$ -	\$ (165,119)	\$ -	\$ -	\$ (15,896)

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	Spec. Education 15-17	Spec. Education 16-18	Spec. Education TA	Preschool 14-16	Preschool 15-17	Preschool 16-18	Adult Education 14-15	Adult Education 15-16	Adult Education 16-17	Empowerment Zone
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (3,126)	\$ -	\$ -	\$ (12,725)	\$ -	\$ -	\$ 296
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	755,329	-	23,663	21,684	33,054	-	17,233	9,493	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	755,329	-	23,663	21,684	33,054	-	17,233	9,493	-	-
Disbursements:										
Instruction	610,419	-	-	19,370	34,370	-	4,508	15,130	-	-
Support services	177,286	-	23,663	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	787,705	-	23,663	19,370	34,370	-	4,508	15,130	-	-
Excess (deficiency) of receipts over disbursements	(32,376)	-	-	2,314	(1,316)	-	12,725	(5,637)	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(296)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(296)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32,376)	-	-	2,314	(1,316)	-	12,725	(5,637)	-	(296)
Cash and investments - ending	\$ (32,376)	\$ -	\$ -	\$ (812)	\$ (1,316)	\$ -	\$ -	\$ (5,637)	\$ -	\$ -

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	Carl Perkins 14-15	Carl Perkins 15-16	Carl Perkins 16-17	Diesel Emissions Reduction Act	Medicaid Reimbursement - Federal	School to Work Development Act	Title II Part A, Improving Teacher Quality 13-15	Title II Part A, Improving Teacher Quality 14-16	Title II Part A, Improving Teacher Quality 15-17	Title III Part A 14-16
Cash and investments - beginning	\$ (15,358)	\$ -	\$ -	\$ 10,491	\$ 236,843	\$ 2,214	\$ (29,304)	\$ (1,564)	\$ -	\$ (2,591)
Receipts:										
Local sources	-	-	-	-	-	-	-	100	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	27,776	97,910	-	-	139,020	-	162,385	256,743	49,084	51,078
Other receipts	-	179	-	-	-	-	-	-	-	-
Total receipts	27,776	98,089	-	-	139,020	-	162,385	256,843	49,084	51,078
Disbursements:										
Instruction	12,418	102,120	-	-	52,169	-	(1,585)	158,099	11,555	40,849
Support services	-	-	-	-	66,613	-	134,666	110,389	41,733	7,638
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	6,735	-	-	-	-	-	-	-	-
Total disbursements	12,418	108,855	-	-	118,782	-	133,081	268,488	53,288	48,487
Excess (deficiency) of receipts over disbursements	15,358	(10,766)	-	-	20,238	-	29,304	(11,645)	(4,204)	2,591
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,358	(10,766)	-	-	20,238	-	29,304	(11,645)	(4,204)	2,591
Cash and investments - ending	\$ -	\$ (10,766)	\$ -	\$ 10,491	\$ 257,081	\$ 2,214	\$ -	\$ (13,209)	\$ (4,204)	\$ -

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	Title III Part A 15-17	Title III Part A 16-18	Health Clinic C.L.A.S.S. 15-16	Health Clinic C.L.A.S.S. 16-17	Health Clinic C.L.A.S.S. 17-18	United Way Summer Enrichment Grant	Withholdings	Workers Compensation	Flex Trust	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (16,908)	\$ -	\$ -	\$ 1,820	\$ 15,892	\$ 2,231	\$ 2,161	\$ 17,413,827
Receipts:										
Local sources	-	-	-	-	-	9,654	-	-	-	17,112,596
Intermediate sources	-	-	-	-	-	-	-	-	-	118,641
State sources	-	-	-	-	-	-	-	-	-	35,225,405
Federal sources	53,951	-	17,842	32,751	-	-	-	-	-	9,922,768
Other receipts	-	-	-	-	-	-	9,297,608	262	835	9,329,005
Total receipts	53,951	-	17,842	32,751	-	9,654	9,297,608	262	835	71,708,415
Disbursements:										
Instruction	44,344	-	-	-	-	9,012	-	-	-	23,386,536
Support services	10,955	-	934	47,861	-	100	-	-	-	26,319,832
Noninstructional services	-	-	-	-	-	-	-	-	-	3,896,059
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	910,250
Debt service	-	-	-	-	-	-	-	-	-	4,532,117
Nonprogrammed charges	-	-	-	-	-	-	9,292,605	2,493	1,578	12,688,751
Total disbursements	55,299	-	934	47,861	-	9,112	9,292,605	2,493	1,578	71,733,545
Excess (deficiency) of receipts over disbursements	(1,348)	-	16,908	(15,110)	-	542	5,003	(2,231)	(743)	(25,130)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	3,284,077
Transfers out	-	-	-	-	-	-	-	-	-	(3,284,077)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,348)	-	16,908	(15,110)	-	542	5,003	(2,231)	(743)	(25,130)
Cash and investments - ending	\$ (1,348)	\$ -	\$ -	\$ (15,110)	\$ -	\$ 2,362	\$ 20,895	\$ -	\$ 1,418	\$ 17,388,697

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	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/Severance Bond	Post-Retirement/Severance Future Benefits	School Disaster
Cash and investments - beginning	\$ 3,398,699	\$ 2,274,538	\$ 578,783	\$ 245,071	\$ 2,185,530	\$ 2,510,342	\$ 376,896	\$ -	\$ 20,257	\$ 810,776	\$ -
Receipts:											
Local sources	1,735,268	2,340,960	1,129,255	306,998	3,294,150	3,704,793	219,974	-	-	171,625	-
Intermediate sources	206,091	-	-	-	-	-	-	-	-	-	-
State sources	36,447,750	-	-	-	-	-	-	-	-	-	-
Federal sources	8,306	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	538,678	42,385	-	-	-	-	-	-	-
Other receipts	11,347	-	-	-	-	-	-	-	-	-	-
Total receipts	38,408,762	2,340,960	1,667,933	349,383	3,294,150	3,704,793	219,974	-	-	171,625	-
Disbursements:											
Instruction	20,032,446	-	-	-	-	-	-	-	-	-	-
Support services	17,062,085	-	-	-	2,351,760	1,839,810	286,224	-	-	195,607	202,502
Noninstructional services	259,770	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	83,320	-	-	-	1,490,819	101,250	-	-	-	-	315,680
Debt service	-	2,048,307	1,472,000	390,016	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	581,063	-	-	-	-	-	-	-	-	-	-
Total disbursements	38,018,684	2,048,307	1,472,000	390,016	3,842,579	1,941,060	286,224	-	-	195,607	518,182
Excess (deficiency) of receipts over disbursements	390,078	292,653	195,933	(40,633)	(548,429)	1,763,733	(66,250)	-	-	(23,982)	(518,182)
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	2,805,000
Transfers in	57,176	-	-	-	-	6,920	-	100,000	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	57,176	-	-	-	-	6,920	-	100,000	-	-	2,805,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	447,254	292,653	195,933	(40,633)	(548,429)	1,770,653	(66,250)	100,000	-	(23,982)	2,286,818
Cash and investments - ending	\$ 3,845,953	\$ 2,567,191	\$ 774,716	\$ 204,438	\$ 1,637,101	\$ 4,280,995	\$ 310,646	\$ 100,000	\$ 20,257	\$ 786,794	\$ 2,286,818

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	Lincoln Bond/Building Corporation Proceeds	GO Bond/2016	Central High School Building Corp	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Levy Excess	Alternative Education	Early Intervention Grant	Back Packs
Cash and investments - beginning	\$ 154,524	\$ -	\$ 16,944	\$ 103,699	\$ 375,227	\$ 1,010,281	\$ 247,142	\$ -	\$ 17,234	\$ -	\$ 12,440
Receipts:											
Local sources	-	-	-	159,285	2,257	1,967	31,655	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	292,772	-	-	-	-	23,886	-
Federal sources	-	-	-	3,252,968	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	4,908	-	-	-	-
Total receipts	-	-	-	3,412,253	295,029	1,967	36,563	-	-	23,886	-
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	-	-
Support services	-	60,350	-	84,061	377,653	649,815	-	-	-	23,886	-
Noninstructional services	-	-	-	2,821,918	-	-	-	-	-	-	-
Facilities acquisition and construction	154,524	11,043	-	-	-	-	-	-	-	-	-
Debt service	-	38,961	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	31,065	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	154,524	110,354	-	2,905,979	377,653	649,815	31,065	-	-	23,886	-
Excess (deficiency) of receipts over disbursements	(154,524)	(110,354)	-	506,274	(82,624)	(647,848)	5,498	-	-	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	2,027,654	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	2,027,654	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(154,524)	1,917,300	-	506,274	(82,624)	(647,848)	5,498	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,917,300	\$ 16,944	\$ 609,973	\$ 292,603	\$ 362,433	\$ 252,640	\$ -	\$ 17,234	\$ -	\$ 12,440

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	Scholarship	Youth Inv Award	School Improvement	Commission	State - Adult 14-15	State - Adult 15-16	State - Adult 16-17	Education Collaboration FEC08-835	Lilly - C.C.I. Gr	FEC - CG ART 2015	Printing and Binding
Cash and investments - beginning	\$ 64,000	\$ 27	\$ 24,589	\$ 3,237	\$ -	\$ -	\$ -	\$ 572	\$ -	\$ 1	\$ -
Receipts:											
Local sources	11,960	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	30,000	-	-
State sources	-	-	-	-	-	2,131	39,711	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	11,960	-	-	-	-	2,131	39,711	-	30,000	-	-
Disbursements:											
Instruction	-	-	1,447	-	-	2,131	44,934	-	2,954	-	-
Support services	-	-	12,263	-	-	-	-	-	20,585	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	4,000	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,000	-	13,710	-	-	2,131	44,934	-	23,539	-	-
Excess (deficiency) of receipts over disbursements	7,960	-	(13,710)	-	-	-	(5,223)	-	6,461	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,960	-	(13,710)	-	-	-	(5,223)	-	6,461	-	-
Cash and investments - ending	\$ 71,960	\$ 27	\$ 10,879	\$ 3,237	\$ -	\$ -	\$ (5,223)	\$ 572	\$ 6,461	\$ 1	\$ -

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	Kids in Need Foundation 12-13	ECEF - GOSCH	Twin Cities Education Foundation Youth Employment Program	Cultural Arts	Jag Award 2017	FEC - General Operations	David Yomtoob	Special Olympics	Wellness Activities	Rally
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700	\$ -	\$ 11,605	\$ 8,200	\$ 578
Receipts:										
Local sources	-	5,304	-	10,000	200	-	-	26,638	-	3,940
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	5,304	-	10,000	200	-	-	26,638	-	3,940
Disbursements:										
Instruction	-	3,045	-	10,000	-	-	-	2,271	-	-
Support services	-	-	-	-	-	-	-	13,650	6,248	-
Noninstructional services	-	-	-	-	-	-	-	-	-	1,624
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	200	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,045	-	10,000	200	-	-	15,921	6,248	1,624
Excess (deficiency) of receipts over disbursements	-	2,259	-	-	-	-	-	10,717	(6,248)	2,316
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,259	-	-	-	-	-	10,717	(6,248)	2,316
Cash and investments - ending	\$ -	\$ 2,259	\$ -	\$ -	\$ -	\$ 5,700	\$ -	\$ 22,322	\$ 1,952	\$ 2,894

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	Parent University	Vision Athena Grant	Arcelormittal - Project Lead the Way 2009	IUN Urban Teacher Education Program Grant	MHS Health and Enrollment Fair Sponsorship	Tobacco Survey Central	Formative Assessment	Computer Consortium/ Ed Tech Advance	High Ability 14-15	High Ability 15-16	High Ability 16-17
Cash and investments - beginning	\$ -	\$ 1,958	\$ 3,331	\$ 46,605	\$ 149	\$ -	\$ -	\$ 95,947	\$ -	\$ 16,312	\$ -
Receipts:											
Local sources	-	-	-	-	-	500	-	111,375	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	56,513	-	-	-	42,718
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	500	56,513	111,375	-	-	42,718
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	16,168	22,647
Support services	-	-	-	-	-	-	-	188,267	-	144	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	500	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	500	-	188,267	-	16,312	22,647
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	56,513	(76,892)	-	(16,312)	20,071
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(56,513)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(56,513)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	(76,892)	-	(16,312)	20,071
Cash and investments - ending	\$ -	\$ 1,958	\$ 3,331	\$ 46,605	\$ 149	\$ -	\$ -	\$ 19,055	\$ -	\$ -	\$ 20,071

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

	Medicaid Reimbursement	Extra- Curricular Activities	Harcourt Testing Donation	Non-English Speaking 14-15	Non-English Speaking 15-16	Non-English Speaking 16-17	Career and Technical Performance Grant	Indiana School Academic Improvement Program (ISAIP)	Adult Basic Education - Workone	Medical Insurance
Cash and investments - beginning	\$ 307,474	\$ 489	\$ -	\$ -	\$ 26,864	\$ -	\$ -	\$ -	\$ 342	\$ 2,403,686
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	50,226	-	-	-	-	117,275	6,173	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	50,226	-	-	-	-	117,275	6,173	-	-	-
Disbursements:										
Instruction	-	-	-	-	15,426	85,652	2,651	-	-	275,249
Support services	137,783	-	-	-	11,438	7,849	-	49,476	-	222,932
Noninstructional services	-	-	-	-	-	-	-	-	-	935
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	137,783	-	-	-	26,864	93,501	2,651	49,476	-	499,116
Excess (deficiency) of receipts over disbursements	(87,557)	-	-	-	(26,864)	23,774	3,522	(49,476)	-	(499,116)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(100,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(100,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(87,557)	-	-	-	(26,864)	23,774	3,522	(49,476)	-	(599,116)
Cash and investments - ending	\$ 219,917	\$ 489	\$ -	\$ -	\$ -	\$ 23,774	\$ 3,522	\$ (49,476)	\$ 342	\$ 1,804,570

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

	Worker's Comp	GED	FEC - 2016 Mt. Ver	Title I - School Improvement 14-15	Title I - School Improvement 16-17	Title I - NCLB 14-15	Title I - NCLB 15-16	Title I - NCLB 16-17	Spec. Education 13-15	Spec. Education 14-16
Cash and investments - beginning	\$ -	\$ (20)	\$ -	\$ -	\$ -	\$ -	\$ (165,119)	\$ -	\$ -	\$ (15,896)
Receipts:										
Local sources	209,301	-	500	-	-	-	-	5	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	1,422	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	181	-	714,491	2,526,738	-	180,069
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>209,301</u>	<u>1,422</u>	<u>500</u>	<u>-</u>	<u>181</u>	<u>-</u>	<u>714,491</u>	<u>2,526,743</u>	<u>-</u>	<u>180,069</u>
Disbursements:										
Instruction	-	317	500	-	-	-	145,913	1,500,771	-	153,766
Support services	209,301	-	-	-	181	-	335,570	1,057,128	-	10,407
Noninstructional services	-	-	-	-	-	-	11,675	147,199	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	49,295	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>209,301</u>	<u>317</u>	<u>500</u>	<u>-</u>	<u>181</u>	<u>-</u>	<u>542,453</u>	<u>2,705,098</u>	<u>-</u>	<u>164,173</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,038</u>	<u>(178,355)</u>	<u>-</u>	<u>15,896</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(664)	-	-	-	-	(6,919)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(664)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,919)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,119</u>	<u>(178,355)</u>	<u>-</u>	<u>15,896</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (178,355)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Spec. Education 15-17	Spec. Education 16-18	Spec. Education TA	Preschool 14-16	Preschool 15-17	Preschool 16-18	Adult Education 14-15	Adult Education 15-16	Adult Education 16-17	Empowerment Zone
Cash and investments - beginning	\$ (32,376)	\$ -	\$ -	\$ (812)	\$ (1,316)	\$ -	\$ -	\$ (5,637)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	219,679	714,301	-	1,081	14,776	38,373	-	17,945	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>219,679</u>	<u>714,301</u>	<u>-</u>	<u>1,081</u>	<u>14,776</u>	<u>38,373</u>	<u>-</u>	<u>17,945</u>	<u>-</u>	<u>-</u>
Disbursements:										
Instruction	174,385	565,599	-	269	13,460	39,815	-	12,308	18,611	-
Support services	43,714	210,026	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>218,099</u>	<u>775,625</u>	<u>-</u>	<u>269</u>	<u>13,460</u>	<u>39,815</u>	<u>-</u>	<u>12,308</u>	<u>18,611</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,580</u>	<u>(61,324)</u>	<u>-</u>	<u>812</u>	<u>1,316</u>	<u>(1,442)</u>	<u>-</u>	<u>5,637</u>	<u>(18,611)</u>	<u>-</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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>1,580</u>	<u>(61,324)</u>	<u>-</u>	<u>812</u>	<u>1,316</u>	<u>(1,442)</u>	<u>-</u>	<u>5,637</u>	<u>(18,611)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (30,796)</u>	<u>\$ (61,324)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,442)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,611)</u>	<u>\$ -</u>

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

	Carl Perkins 14-15	Carl Perkins 15-16	Carl Perkins 16-17	Diesel Emissions Reduction Act	Medicaid Reimbursement - Federal	School to Work Development Act	Title II Part A, Improving Teacher Quality 13-15	Title II Part A, Improving Teacher Quality 14-16	Title II Part A, Improving Teacher Quality 15-17	Title III Part A 14-16
Cash and investments - beginning	\$ -	\$ (10,766)	\$ -	\$ 10,491	\$ 257,081	\$ 2,214	\$ -	\$ (13,209)	\$ (4,204)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	470	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	35,733	61,717	-	138,523	-	-	133,666	295,959	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	297	-	-	-	-	-	-	-
Total receipts	-	35,733	62,014	-	138,523	-	-	133,666	296,429	-
Disbursements:										
Instruction	-	24,967	58,117	-	70,262	-	-	56,641	157,787	-
Support services	-	-	4,948	-	176,035	-	-	45,657	159,395	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	6,735	-	-	-	-	18,159	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	24,967	69,800	-	246,297	-	-	120,457	317,182	-
Excess (deficiency) of receipts over disbursements	-	10,766	(7,786)	-	(107,774)	-	-	13,209	(20,753)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	10,766	(7,786)	-	(107,774)	-	-	13,209	(20,753)	-
Cash and investments - ending	\$ -	\$ -	\$ (7,786)	\$ 10,491	\$ 149,307	\$ 2,214	\$ -	\$ -	\$ (24,957)	\$ -

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

	Title III Part A 15-17	Title III Part A 16-18	Health Clinic C.L.A.S.S. 15-16	Health Clinic C.L.A.S.S. 16-17	Health Clinic C.L.A.S.S. 17-18	United Way Summer Enrichment Grant	Withholdings	Workers Compensation	Flex Trust	Totals
Cash and investments - beginning	\$ (1,348)	\$ -	\$ -	\$ (15,110)	\$ -	\$ 2,362	\$ 20,895	\$ -	\$ 1,418	\$ 17,388,697
Receipts:										
Local sources	-	-	-	-	-	10,133	-	-	-	13,488,513
Intermediate sources	-	-	-	-	-	-	-	-	-	236,091
State sources	-	-	-	-	-	-	-	-	-	37,080,577
Federal sources	52,055	33,823	-	46,286	50,044	-	-	-	-	8,536,714
Interfund loans	-	-	-	-	-	-	-	-	-	581,063
Other receipts	-	-	-	-	-	-	9,160,525	-	-	9,177,077
Total receipts	52,055	33,823	-	46,286	50,044	10,133	9,160,525	-	-	69,100,035
Disbursements:										
Instruction	50,707	33,629	-	-	-	381	-	-	-	23,595,226
Support services	-	3,716	-	31,176	66,794	-	-	-	-	26,158,436
Noninstructional services	-	-	-	-	-	-	-	-	-	3,243,121
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	2,156,636
Debt service	-	-	-	-	-	-	-	-	-	3,949,284
Nonprogrammed charges	-	-	-	-	-	-	9,164,875	-	-	9,274,829
Interfund loans	-	-	-	-	-	-	-	-	-	581,063
Total disbursements	50,707	37,345	-	31,176	66,794	381	9,164,875	-	-	68,958,595
Excess (deficiency) of receipts over disbursements	1,348	(3,522)	-	15,110	(16,750)	9,752	(4,350)	-	-	141,440
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	4,832,654
Transfers in	-	-	-	-	-	-	-	-	-	164,096
Transfers out	-	-	-	-	-	-	-	-	-	(164,096)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	4,832,654
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,348	(3,522)	-	15,110	(16,750)	9,752	(4,350)	-	-	4,974,094
Cash and investments - ending	\$ -	\$ (3,522)	\$ -	\$ -	\$ (16,750)	\$ 12,114	\$ 16,545	\$ -	\$ 1,418	\$ 22,362,791

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 765,507</u>	<u>\$ 343,541</u>

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
East Chicago Multi-School Building Corporation	School renovations	\$ 1,472,000	07/15/2008	01/15/2018
East Chicago Multi-School Building Corporation	Refinance	737,756	11/25/2014	07/15/2034
GE Capital Solutions	District-wide copiers	<u>143,659</u>	08/01/2013	08/01/2018
Total of annual lease payments		<u>\$ 2,353,415</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Capital Improvements throughout the District	\$ 2,000,000	\$ 1,025,100
Notes and loans payable	School Disaster Loan	3,000,000	90,000
Notes and loans payable	Common School Fund Loan A1547	47,292	47,529
Notes and loans payable	Common School Fund Loan A1565	11,363	11,419
Notes and loans payable	Common School Fund Loan A1752	129,915	87,692
Pension bonds	School Severance 2013A Refunding	<u>1,380,000</u>	<u>390,016</u>
Totals		<u>\$ 6,568,570</u>	<u>\$ 1,651,756</u>

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF CAPITAL ASSETS
June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 570,832
Buildings	155,670,428
Machinery, equipment, and vehicles	<u>7,475,868</u>
Total capital assets	<u>\$ 163,717,128</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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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 THE SCHOOL CITY OF EAST CHICAGO, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2017-003 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Child Nutrition Cluster regarding Procurement and Suspension and Debarment. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

As described in item 2017-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2017-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Equipment and Real Property Management that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

As described in item 2017-009 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Comparability. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

As described in item 2017-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Supporting Effective Instruction State Grants

As described in item 2017-011 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 Special Tests and Provisions - Assessment of Need regarding Supporting Effective Instruction State Grants. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the possible effects of the matter and the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraphs, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Special Education Cluster (IDEA) for the period of July 1, 2015 to June 30, 2017.

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

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the possible effects of the matter and the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraphs, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2015 to June 30, 2017.

Qualified Opinion on Supporting Effective Instruction State Grants

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Supporting Effective Instruction State Grants* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Supporting Effective Instruction State Grants for the period of July 1, 2015 to June 30, 2017.

Other Matters

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

Report on Internal Control over Compliance

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

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


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-009, and 2017-011 to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-010 to be a significant deficiency.

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

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


Paul D. Joyce, CPA
State Examiner

June 7, 2018

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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.

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SCHOOL CITY OF EAST CHICAGO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2015-2016	\$ -	\$ 898,365	\$ -	\$ -
School Breakfast Program			FY 2016-2017	-	-	-	923,593
Total - School Breakfast Program				-	898,365	-	923,593
National School Lunch Program							
Nat'l School Lunch Program	Indiana Department of Education	10.555					
Nat'l School Lunch Program			FY 2015-2016	-	1,847,953	-	-
Nat'l School Lunch Program			FY 2016-2017	-	-	-	1,949,329
After School Snack			FY 2015-2016	-	12,823	-	-
After School Snack			FY 2016-2017	-	-	-	16,262
Commodities			FY 2015-2016	-	175,088	-	-
Commodities			FY 2016-2017	-	-	-	213,363
Total - National School Lunch Program				-	2,035,864	-	2,178,954
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY 2015-2016	-	38,709	-	-
Summer Food Service Program for Children			FY 2016-2017	-	-	-	63,395
Total - Summer Food Service Program for Children				-	38,709	-	63,395
Total - Child Nutrition Cluster				-	2,972,938	-	3,165,942
Child and Adult Care Food Program							
Child and Adult Care Program	Indiana Department of Education	10.558					
Child and Adult Care Program			FY 2015-2016	-	47,387	-	-
Child and Adult Care Program			FY 2016-2017	-	-	-	124,810
Total - Child and Adult Care Food Program				-	47,387	-	124,810
Child Nutrition Discretionary Grants Limited Availability							
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
			FY 2015-2016	-	20,000	-	-
Fresh Fruit and Vegetable Program							
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582					
Fresh Fruit and Vegetable Program			FY 2015-2016	-	50,425	-	-
Fresh Fruit and Vegetable Program			FY 2016-2017	-	-	-	175,579
Total - Fresh Fruit and Vegetable Program				-	50,425	-	175,579
Total - Department of Agriculture				-	3,090,750	-	3,466,331
Department of Housing and Urban Development							
Renewal Community and Empowerment Zone Programs	City of Gary	14.244					
Empowerment Zones Program			FY 2015-2016	-	296	-	-
Total - Department of Housing and Urban Development				-	296	-	-

SCHOOL CITY OF EAST CHICAGO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education Cluster (IDEA)			14214-014-PN01	-	343,671	-	-
Special Education Cluster (IDEA)			14215-014-PN01	-	377,371	-	180,069
Special Education Cluster (IDEA)			14216-012-PN01	-	755,329	-	219,679
Special Education Cluster (IDEA)			14217-012-PN01	-	-	-	714,301
Special Education Technical Assistance			99914-014-PN01	-	23,663	-	-
Total - Special Education Grants to States				-	1,500,034	-	1,114,049
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool			45715-012-PN01	-	21,684	-	1,081
Special Education Preschool			45716-012-PN01	-	33,054	-	14,776
Special Education Preschool			45717-012-PN01	-	-	-	38,373
Total - Special Education Preschool Grants				-	54,738	-	54,230
Total - Special Education Cluster (IDEA)				-	1,554,772	-	1,168,279
Adult Education - Basic Grants to States	Center for Workforce Innovations	84.002					
Adult Education			CWI-AE-07-PY14	-	17,233	-	-
Adult Education			CWI-AE-07-PY15	-	9,493	-	17,945
Total - Adult Education - Basic Grants to States				-	26,726	-	17,945
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I School Improvement			SIG 14-15	-	32,747	-	-
Title I Part A Cluster			FY 14-15	-	1,509,113	-	-
Title I Part A Cluster			FY 15-16	-	2,972,895	-	714,491
Title I School Improvement			SIG 16-17	-	-	-	181
Title I Part A Cluster			FY 16-17	-	-	-	2,526,738
Total - Title I Grants to Local Educational Agencies				-	4,514,755	-	3,241,410
Impact Aid	Indiana Department of Education	84.041					
Impact Aid			FY 15-16	-	22,314	-	-
Impact Aid			FY 16-17	-	-	-	8,306
Total - Impact Aid				-	22,314	-	8,306

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
Career & Technical Education			15-4700-4670	-	27,776	-	-
Career & Technical Education			16-4700-4670	-	97,910	-	35,733
Career & Technical Education			17-4700-4670	-	-	-	61,717
Total - Career and Technical Education -- Basic Grants to States				-	125,686	-	97,450
English Language Acquisition State Grants	Indiana Department of Education	84.365					
English Language Acquisition			14-4670	-	51,078	-	-
English Language Acquisition			15-4670	-	53,951	-	52,055
English Language Acquisition			16-4670	-	-	-	33,823
Total - English Language Acquisition State Grants				-	105,029	-	85,878
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Improving Teacher Quality			FFY 2013	-	162,385	-	-
Improving Teacher Quality			FFY 2014	-	256,743	-	133,666
Improving Teacher Quality			FFY 2015	-	49,084	-	295,959
Total - Supporting Effective Instruction State Grants				-	468,212	-	429,625
Total - Department of Education				-	6,817,494	-	5,048,893
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778					
Medical Assistance Program			FY 15-16	-	139,020	-	-
Medical Assistance Program			FY 16-17	-	-	-	138,523
Total - Medicaid Cluster				-	139,020	-	138,523
Maternal and Child Health Services Block Grant to the States	Indiana State Department of Health	93.994					
Child Health Services			FY 2015	-	17,842	-	-
Child Health Services			FY 2016	-	32,751	-	46,286
Child Health Service			FY 2017	-	-	-	50,044
Total - Maternal and Child Health Services Block Grant to the States				-	50,593	-	96,330
Total - Department of Health and Human Services				-	189,613	-	234,853
Total federal awards expended				\$ -	\$ 10,098,153	\$ -	\$ 8,750,077

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

SCHOOL CITY OF EAST CHICAGO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Qualified
	Special Education Cluster (IDEA)	Qualified
84.010	Title I Grants to Local Educational Agencies	Qualified
84.367	Supporting Effective Instruction State Grants	Qualified

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

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

Section II - Financial Statement Findings

FINDING 2017-001

Subject: 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 2015-001.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

School Corporation officials indicated that the SEFA was prepared by the Systems Administrator based on information verified by the Business Office Manager and reviewed by the Chief Financial Officer. However, the internal controls were determined to not be effective since the SEFA contained material errors.

Context

Due to the lack of effective controls, the following errors resulted in an inaccurate and incomplete SEFA:

1. All grants received from the Department of Agriculture were reported under the National School Lunch Program. This resulted in the overstatement of the National School Lunch Program and an understatement of the School Breakfast Program, the Summer Food Service Program for Children, the Child and Adult Care Food Program, the Child Nutrition Discretionary Grants Limited Availability, and the Fresh Fruit and Vegetable Program for each year. Furthermore, the commodities amounts for the National School Lunch Program were not reported separately.
2. The Impact Aid expenditures were omitted.
3. The Medical Assistance Program expenditures were erroneously classified as Maternal and Child Health Services Block Grant to the States.
4. Ten program titles listed were incorrect.
5. Pass-Through Entity (or Other) Identifying Numbers were not listed for any of the federal programs.
6. The 2016-2017 grants reported were identified as being received from an "Unknown Federal Agency."

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

Criteria

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

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation establish a system of internal controls to ensure that federal expenditures were properly reported on the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: School Breakfast Program and National School Lunch Program - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-008.

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 Cash Management compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to limit the School Lunch fund cash balances (net cash resources) to three months average expenditures of the food service program.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Cash Management compliance requirement.

Effect

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

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.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2017-003

Subject: Child Nutrition Cluster - Procurement

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 2015-2016, FY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-012.

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 procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation was required to bid or request proposals for the food service management five year contract beginning fiscal year 2015. The School Board awarded the food management service contract on August 7, 2014. Procurement records were not provided for audit. Therefore, compliance with the procurement requirements could not be verified.

Context

The procurement records not provided for the food management service contract was an isolated instance. Due to the change in the Chief Financial Officer at the School Corporation and the moving of the administration staff and records to a different building, procurement records related to the contract for the food service management company were not provided for audit. The payments to the food management company were 97 percent of the School Lunch fund disbursements.

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. . . ."

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(i) states:

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

2 CFR 200.333 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's management had not developed a system of internal controls that would have ensured that the School Corporation maintained and made available for audit the documentation necessary to support compliance with the procurement requirements.

Effect

The failure to retain or provide documentation of the procurement of the food management service contract prevented the determination of the School Corporation's compliance with the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to procurements will be maintained and available for audit.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2017-004

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-011.

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 School Corporation contracted with a food service management company to operate its food service program. The management company's General Manager prepared and submitted the monthly Sponsor Claims (claims for reimbursement), the Annual Financial Reports (AFRs), and the School Food Authority (SFA) Verification Collection Reports without a proper system of oversight or review by the School Corporation.

Sponsor Claim (claims for reimbursement)

The Cafeteria Manager at each school manually prepared and submitted "daily meal count report" (daily reports) to the management company's office. The daily reports were based on information from a point of sale software program used in the schools.

The Administrative Assistant of the management company manually entered the amount and types of meals that were served (paid, reduced, and free) from the daily reports into the management company's software program. The General Manager of the management company used this information to prepare and submit the Sponsor Claim (claims for reimbursement) online to the Indiana Department of Education. An employee from the School Corporation's business office printed a copy of the Sponsor Claim (claims for reimbursement) summaries for its records and to be able to anticipate amounts to be received by the School Corporation

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Comparisons of the daily reports to the monthly Sponsor Claim (claims for reimbursement) totals revealed differences. The net effect of the errors noted for the months tested resulted in \$989 in excess reimbursements to the School Corporation. The following discrepancies in the supporting documentation were noted:

1. The snack and supper counts were manually determined based upon a count sheet of the amount served. For the December 2015 Sponsor Claim (claims for reimbursement) tested, the snack and supper daily counts were combined on the same sheet and there was no way to determine from the total amount of servings each day, which were snack counts and which were supper counts. Thus, the snack count included on the Sponsor Claim (claims for reimbursement) could not be verified.
2. For the October 2016 Sponsor Claim (claims for reimbursement) tested, an alternative school count was added to the Central High School meal counts manually on the Daily Sales Activity Reports. The alternative school meals were calculated based on a yearly school roster that was obtained by the management company at the beginning of the school year. The count was strictly based off of the school roster received from the alternative school and not based upon actual meals served. There was no way to determine if all of those students were in school each day and were served a meal.

When the sample errors were projected to the population as a whole, likely errors of \$6,076 in excess reimbursements were identified.

Annual Financial Reports (AFRs)

The AFRs were provided for audit without supporting documentation for the amounts reported. The beginning and ending cash and investment balances, as well as the total receipts and disbursements for both years, did not agree to the School Corporation's School Lunch fund activity.

At June 30, 2016 and 2017, the AFRs ending cash and investment balances were overstated by \$510,590 and \$339,866, respectively, when compared to the School Lunch fund's balances.

Context

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

Criteria

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

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(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. . . .
- (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's management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

Known questioned costs of \$989 were identified as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and 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.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-005

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): 14214-014-PN01, 14215-014-PN01,
14216-012-PN01, 14217-012-PN01,
99914-014-PN01, 45715-012-PN01,
45716-012-PN01, 45717-012-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: 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 the requirements related to the grant agreement and the special reporting requirements of the Reporting compliance requirement.

The School Corporation did not document the review or oversight process for the following data collection reports:

December 1st Child Count: support services generated the child count initial report and sent it to the special education records clerk for review. The special education records clerk compared the report to the records and verbally advised support services that the reports were accurate. The review or oversight process was not documented.

Suspension and Expulsion: support services generated the report and sent it to building principals and vice principals for review. The building level staff were to notify support services if any adjustments or corrections were necessary. Support services submitted the final report without documentation of the oversight or review process.

Termination Report (TR): The special education records clerk "terminated" a student in the system when a student left the School Corporation. Support services obtained this information from the special education records clerk and generated the TR. Once the report was generated, support services sent it back to the special education department for review and approval. The special education departmental review was not documented.

Context

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

Criteria

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

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

SCHOOL CITY OF EAST CHICAGO
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). . . ."

Cause

The School Corporation's management had not implemented a system of internal controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the 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 2017-006

Subject: Special Education Cluster (IDEA) - Equipment

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): 14214-014-PN01, 14215-014-PN01,
14216-012-PN01, 14217-012-PN01,
99914-014-PN01, 45715-012-PN01,
45716-012-PN01, 45717-012-PN01

Pass-Through Entity: Department of Education

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Material Weakness, Modified Opinion

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-006.

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 requirements of the Equipment and Real Property Management compliance requirement.

A special education department employee was responsible for tagging all of the equipment at each location. Once tagged, the equipment was added to an inventory listing. The special education department also indicated that a physical inventory was performed twice a year and that it was verified by at least two employees. However, it could not be verified that a physical inventory of all equipment had been performed and reviewed as indicated.

Furthermore, the School Corporation could not locate 36 of the 92 items that were listed on the equipment inventory listing.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313 states in part:

". . . (b) . . . Other non-Federal entities must follow paragraphs (c) through (e) of this section. . . ."

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the 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.
- (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.

(e) *Disposition.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- (1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency. . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled 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.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2017-007

Subject: Title I Grants to Local Educational Agencies - Procurement
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

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 procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with 2 CFR 200.320.

The School Corporation's purchasing policy was not updated to include all the procurement standards as outlined in 2 CFR 200.318.

The School Corporation did not obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the small purchase procedures. The School Corporation also did not document the rationale for the method of procurement, especially when a noncompetitive proposal method was used.

Context

The lack of effective controls and the noncompliance were systematic issues throughout the audit period. Approximately 8 percent of the total grant fund disbursements were Uniform Guidance vendor procurements.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement.

- (a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . .
- (f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
 - (1) The item is available only from a single source;
 - (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
 - (4) After solicitation of a number of sources, competition is determined inadequate."

Cause

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-008

Subject: Title I Grants to Local Educational Agencies - Reporting

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): SIG 14-15, FY 14-15, FY 15-16,
SIG 16-17, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

Condition

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

One individual completed and filed the Annual Expenditure Reports without evidence of an oversight or review process.

Context

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance 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 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.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-009

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): SIG 14-15, FY 14-15, FY 15-16,
SIG 16-17, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-004.

Condition

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

The School Corporation was required to file a Comparability Report every two years with the Indiana Department of Education (IDOE), which documented the full-time equivalent (FTE) of staff to students by school. The information reported by the School Corporation was used by the IDOE to determine if services provided with state and local funds, when taken as a whole, were substantially comparable at each school.

An oversight or review process was not established for the Comparability Report prior to submission. The Title I Director prepared the Comparability Report online. Sufficient appropriate audit evidence could not be obtained to verify the accuracy and completeness of the 2015-2016 salary portion of the Comparability Report.

In addition, although the 2017 fiscal year Comparability Report was not required to be submitted to the IDOE, the information in the 2016-2017 Comparability Report was compiled with 2015-2016 information instead of the updated information for the 2017 fiscal year.

Context

The lack of controls was a systemic issue throughout the audit period and prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability compliance requirement.

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. . . ."

SCHOOL CITY OF EAST CHICAGO
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). . . ."

20 US Code § 6321(c)(3) states:

"Each local educational agency assisted under this part shall—

(A) develop procedures for compliance with this subsection; and

(B) maintain records that are updated biennially documenting such agency's compliance with this subsection."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured that records related to the Special Tests and Provisions - Comparability compliance requirement were maintained and made available for audit.

Effect

The failure to retain appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish effective controls to ensure that supporting documentation related to the Special Tests and Provisions - Comparability compliance requirement will be maintained for audit.

Views of Responsible Officials

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

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-010

Subject: Special Education Cluster (IDEA), Title I Grants to Local Educational Agencies, Supporting Effective Instruction State Grants - Special Tests and Provisions - Schoolwide Programs

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants, Title I Grants to Local Educational Agencies, Supporting Effective Instruction State Grants

CFDA Numbers: 84.027, 84.173, 84.010, 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-014-PN01, 14215-014-PN01, 14216-012-PN01, 14217-012-PN01, 99914-14-PN01, 45715-012-PN01, 45716-012-PN01, 45717-012-PN01, SIG 14-15, FY 14-15, FY 15-16, SIG 16-17, FY 16-17, FFY 2013, FFY 2014, FFY 2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Schoolwide Programs

Audit Finding: Significant Deficiency

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreements and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

The school improvement plans were electronically submitted to the Indiana Department of Education. The submission and certification pages were not printed and retained by either the school's principals or superintendent. Evidence of an oversight or review process of the school improvement plans for the audit period was not provided.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

SCHOOL CITY OF EAST CHICAGO
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). . . ."

Cause

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

Effect

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

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 - Schoolwide Programs compliance requirement.

Views of Responsible Officials

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

FINDING 2017-011

Subject: Supporting Effective Instruction State Grants - Special Tests and Provisions - Assessment of Need
Federal Agency: Department of Education
Federal Program: Supporting Effective Instruction State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): FFY 2013, FFY 2014, FFY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment of Need
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-007.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 - Assessment of Need compliance requirement.

The School Corporation employees and officials were not knowledgeable as to who was responsible for the preparation, review, and submission of the Comprehensive Needs Assessment that was required to be submitted to the Indiana Department of Education each year. It could not be determined if the needs assessment was conducted with the involvement of teachers, including teachers who worked in Title I, Part A, as required, since supporting documentation was not provided to support that meetings were held or the attendees.

Context

Documentation was not provided to support the information in the School Corporation's needs assessment, thus, this is a systemic issue throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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's management had not developed a system of internal controls that would have ensured that the School Corporation maintained and made available for audit the documentation necessary to support the Special Tests and Provisions - Assessment of Need compliance requirement.

SCHOOL CITY OF EAST CHICAGO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to provide documentation of who was involved in the needs assessment meetings prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment of Need compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to Special Tests and Provisions - Assessment of Need meetings conducted will be maintained and available for audit.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

Lela Simmons, Chief Financial Officer

May 7, 2018

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

With regards to internal controls for segregation of duties, the School City of East Chicago is still in the process of developing and implementing a plan for the verification for the Schedule of Expenditures of Federal Awards (SEFA). This plan will include that the finance department prepares the SEFA with information obtain from the business office. Once the SEFA is prepared, the report will be forward to the Chief Financial Officer for review, approval, and signature on the physical document. After the physical document is signed, the information will be entered into the Indiana Gateway for government units reporting system. Before the document is submitted the Chief Financial Officer will compare the physical document and the reporting system to ensure they match.

School City of East Chicago is still in the process of establishing an effective internal control, related to the cash and investment balances. The School City of East Chicago will adopt a procedure to do monthly adjustments, so that the RDS financial system will match the bank reconciliations with no material variance. This procedure will include making timely adjustments at month end or within one month of the correction to the account. Due to the change Riff in June of 2017 this process got delayed.

Due to changes in personnel during the 2017-2018 school year, the School City of East Chicago is continuing to develop internal controls for monitoring all transactions that affect the financial statements. This plan will be implemented before entering the 2018-2019 school year. The internal controls corrective action plan will cover steps to ensure proper verification of financial documents and a corrective action plan if steps are not fully executed.



(Signature)



(Title)

Board of School Trustees

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Lela Simmons, Chief Financial Officer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2015-002 - INTERNAL CONTROLS OVER ELIGIBILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS - PARTICIPATION OF PRIVATE SCHOOL CHILDREN AND ASSESSMENT SYSTEM SECURITY


Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-4670, 14-4670, 15-4670
Pass-Through Entity: Indiana Department of Education

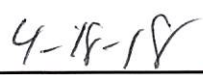
Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

The Business Office and CFO is still working closely with the Federal Program Coordinator and staff to ensure that records such as signed copies of all Title grant applications are kept on file and reviewed by appropriate personnel, that any Annual Expenditure Reports prepared are reviewed for completeness and accuracy by the Business Office staff, and that all checklists forms are signed by appropriate staff and maintain in the Title 1 office records.



(Signature)


(Title)


(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-4670, 14-4670, 15-4670 Pass-Through Entity:
Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

The School Corporation Title I staff is working closely with the Business Office and CFO to provide documentation that a search of the Excluded Parties List Systems through the System of Award Manager Center at www.sam.gov was conducted for all applicable grant vendors. Title I staff is continuing to work on internal controls and systems that document and provide certification that all vendors as they relate to grant activity have been verified and meet all standards for suspension and debarment records and that such records are properly maintained and available for audit.



(Signature)

CFO

(Title)

4-18-18

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2015-004 - SPECIAL TESTS AND PROVISIONS - COMPARABILITY

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-4670, 14-4670, 15-4670 Pass-Through Entity:
Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

The Business Office and CFO are continuing to work closely with the Federal Project Director who is responsible for preparing the Comparability Report online with the IDOE. Internal Controls have been put into place that the School Corporation keeps documentation readily available of all of the information that went into the report submitted to the Department of Education. The IC was put in place as of July 1, 2017



(Signature)



(Title)



(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2015-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Special Education_Grants to States
CFDA Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 14212-14-PN01, 14213-14-PN01 Pass-Through
Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

The Business Office Staff and CEO are working closely currently with Grant personnel to ensure that the ordering, distribution, and recording of supplies purchased as they relate specifically to certain grant funds are only being used by those applicable departments. Internal Controls are being created and implemented to ensure that these items are being accounted for and used by appropriate schools and staff.



(Signature)

CEO

(Title)

4-18-18

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

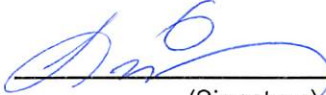
FINDING 2015-006 - EQUIPMENT

Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 14212-14-PN01, 14213-14-PN01, 14214-14-PN01, 14215-014-PN01
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

The School Corporation is still in the process of documenting and maintaining records of physical inventory and fixed assets. Internal Controls are being developed for new assets that are purchased using grant funds so that they are properly recorded on an asset listing which is updated every two years. The School Corporation is in the process of reviewing the fixed asset listing which is currently being maintained by a third-party vendor and updating said listing as necessary.



(Signature)

CFO

(Title)

5-16-18

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2015-007 - SPECIAL TESTS AND PROVISIONS - ASSESSMENT OF NEED

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): 11-4670, 12-4670, 13-4670 Pass-Through Entity:
Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

The Business Office and CFO are continuing to work closely currently with the Federal Programs Coordinator and staff to ensure that the preparation, review, and submission of the Comprehensive Needs Assessment is being submitted each year to the Indiana Department of Education.



(Signature)

CFO

(Title)

4-18-18

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2015-008 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015 Pass-Through
 Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
 Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

The Business Office staff and CFO are reviewing the Monthly Financial Statements and working closely with Sodexo to ensure that the School Corporation has policies and procedures in place that limit their Net Cash Resources in the School Lunch fund to the three months average of the food service expenditures. Sodexo's management has been providing timely invoices and payments are current based on this requirement. This finding is still in progress to ensure all internal controls are covered.



 (Signature)

CEO

 (Title)

4-18-18

 (Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-009 - ELIGIBILITY AND SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)


Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553; 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015
 Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
 Contact Phone Number: 219-391-4100 Ex 12365

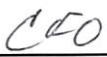
Status of Audit Finding:

School City of East Chicago is currently using the Community Eligibility Provision (CEP). The program covers all students for the Food Service program. The School Corporation currently qualifies for 95% free and reduced lunches. While under the current CEP, the School Corporation is in the process of creating internal controls to verify complete documentation of all applications and perform income eligibility tests to ensure that the software is accurate. If the School Corporation has to return to the manual process of tracking eligibility applications, the business office will have internal controls in place to have the application reviewed and approved by a School City financial employee. All records will be kept in the business office and each application will be numbered and marked approved or denied. There will be special tests and provisions done to verify that the income is verified and that there is documentation of notices to the households of the children's eligibility status for both income applications and direct certifications. All records will be accounted for by Business Office personnel and reviewed by the CFO for completeness and accuracy.


School City of East Chicago has continued to follow the guidelines of CEP until otherwise instructed by the State of Indiana.



 (Signature)



 (Title)



 (Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-010 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015 Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:


The Business Office staff and CFO are working closely with Sodexo to ensure that they are providing monthly reports regarding the School Lunch Program. The number of students and price of lunches are being reviewed on a regular basis to ensure that the School Corporation is in compliance with the Special Tests and Provisions - Paid Lunch Equity requirements. The documentation for the Special Tests and Provisions - Paid Lunch Equity calculations and reports are maintained in the Business Office. School City of East Chicago is currently using the Community Eligibility Provision (CEP). The program covers all students for the Food Service program. The School Corporation currently qualifies for 95% free and reduced lunches. While under the current CEP, the School Corporation is in the process of creating internal controls to verify complete documentation of all applications and perform income eligibility tests to ensure that the software is accurate.



(Signature)



(Title)



(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2015-011 - REPORTING

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015 Pass-Through
Entity: Indiana Department of Education


Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

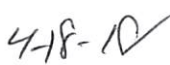
The Business Office and CFO are working closely with Sodexo Management to put in place internal control to review the submitted Sponsor Claims in Meal Magic (claims for reimbursement) and the Annual Financial Reports for completeness and accuracy.



(Signature)



(Title)



(Date)

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Lela Simmons, Chief Financial Officer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-012 - PROCUREMENT

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 2013-2014, FY 2014-2015 Pass-Through Entity: Indiana Department of Education


Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Status of Audit Finding:

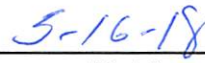
The Business Office and CFO maintain all procurement records regarding recent bids and proposals. All documentation is maintained in the business office and is reviewed by the CFO for completeness and accuracy. Prior year bids were unable to be located due to the relocation of the Administration Offices. Currently Sodexo is on a five (5) year contract and all current bids are located in the CFO's office.



(Signature)



(Title)



(Date)

Board of School Trustees

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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-001 - Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness, Noncompliance

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

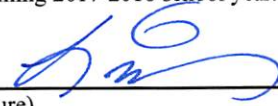
The School City of East Chicago has reviewed Finding 2017-01, internal controls of the School Corporation on segregation of duties, control over cash and investments balances, and identify or communicate corrective action plans.

Description of Corrective Action Plan:

The corrective action plan are as follows:

- 1) With regards to internal controls for segregation of duties, the School City of East Chicago will develop a plan for the verification for the Schedule of Expenditures of Federal Awards (SEFA). This plan will include that the finance department prepares the SEFA with information obtain from the business office. Once the SEFA is prepared, the report will be forward to the Chief Financial Officer for review, approval, and signature on the physical document. After the physical document is signed, the information will be entered into the Indiana Gateway for government units reporting system. Before the document is submitted the Chief Financial Officer will compare the physical document and the reporting system to ensure they match.

Anticipated Completion Date: School Corporation have internal controls in place July 1, 2017 for the upcoming 2017-2018 school year.

(Signature) 
(Title) CFO
(Date) 6-7-18

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School City of East Chicago

Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-002 - School Breakfast Program and National School Lunch Program - Cash Management


Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Contact Person Responsible for Corrective Action: Lela Simmons CFO
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:
The School City of East Chicago has reviewed Finding 2017-02, for internal controls with requirements related to the grant agreement and the Cash Management compliance requirements.

Description of Corrective Action Plan:
The corrective action plan are as follows:
School City of East Chicago will develop internal controls for grant agreement and Cash Management pertaining to our school Food Service. School Corporation will monitor the cash limit in the school Lunch Fund. Invoice will be paid within the time due date listed on the invoice. The invoice will be review by the Chief Financial Officer and the Sodexo Manager and with a signed agreement. The invoice will be turned into the business office for payment.

Anticipated Completion Date: This process is currently being worked on with our current food service company.



(Signature) CFO

(Title) 6-7-18

Board of School Trustees

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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-003 - Child Nutrition Cluster - Procurement

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 2015-2016, FY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Lela Simmons CFO

Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-003, internal control for grant agreement and the compliance requirements for Procurement.

Description of Corrective Action Plan:

The corrective action plan are as follows:

School City of East Chicago will retain all Procurement documentation in the business office. This documentation will include all bids or request proposals, School City evaluation of the proposals, and all communication with Indiana Department of Education regarding procurement awards. All related contracts will be stored with all official documents. The awarded business will be all required documents with signatures that are required.


Anticipated Completion Date: The anticipated date for compliance is July 1, 2018



(Signature)



(Title)



(Date)

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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-004 - Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Lela Simmons CFO

Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-004, internal control for grant agreement and the compliance requirements for reporting.

Description of Corrective Action Plan:

The corrective action plan are as follows:

- 1) School City of East Chicago will develop internal controls form claim reimbursement SodexoMagic and the business office. The control will include verification of the data that was submitted to the state through the food service personal. This data will be review by the business manager and signed off by the Chief Financial Officer and Food Service management in a monthly meeting. If there is a difference, it will be brought to the food service attention and will be adjusted on the current bill if available or on the next payment. The adjustment will verified by the Food Service management and the Chief Financial Management. There will be a yearly check for changes in the School Corporation Food Service needs. This evaluation will be conducted by the food service management with the assistance of the School Corporation business office. Any changes will be present to the School Corporation Superintendent and the board for approval.

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Lela Simmons, **Chief Financial Officer**

June 7, 2018


CORRECTIVE ACTION PLAN

- 1) School Corporation will meet with Food Service Management to put in place an internal control on retaining all back up to the Annual Financial Report (AFR). The Chief Financial Officer and the food service management will review the AFR before it is submit to ensure that the business office match opening and closing totals. If any adjustments need to be made, they will adjusted in the business office or listed as a note on the AFR. All original back will be kept at the food service business off and a copy will be stored in the School City business office.

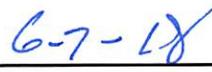
Anticipated Completion Date: School City is currently working with SodexoMagic on Internal Controls.



(Signature)



(Title)



(Date)

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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-005 - Special Education Cluster (IDEA) - Reporting - Special Reporting

Federal Agency: Department of Education
 Federal Program: Special Education_Grants to States, Special Education_Preschool Grants
 CFDA Numbers: 84.027, 84.173
 Federal Award Numbers (or Other Identifying Numbers): 14214-014-PN01, 14215-014-PN01,
 14216-012-PN01, 14217-012-PN01,
 99914-014-PN01, 45715-012-PN01, 45716-012-
 PN01, 45717-012-PN01
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirements: Reporting
 Audit Findings: Material Weakness

Contact Person Responsible for Corrective Action: Lela Simmons,CFO: Tamera Pol, Special Ed Director

Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-005, internal controls of the School Corporation related to compliance with the requirements related to the grant agreement and the special reporting requirements of the Reporting compliance requirement.

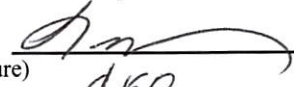
Description of Corrective Action Plan:

December 1st Child Count: Support Services and Special Education Clerk will have all communication in writing or email conversation documents with all records.

Suspension and Expulsion: Support Services will obtain an all documentation and keep records in the Support office.

Termination Report (TR): The Special Education Records Clerk will have all documentation in the Special Education office with Signatures of Special Education Director and the clerk.

Anticipated Completion Date: School City of East Chicago is in the process of ensure correct documentation will be keep and record in all records as of May 2018.



 (Signature) **CEO**

 (Title) **6-7-18**

 (Date)

Board of School Trustees

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June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-006 - Special Education Cluster (IDEA) – Equipment

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): 14214-14-PN01, 14215-014-PN01,
14216-012-PN01, 14217-012-PN01,
99914-14-PN01, 45715-012-PN01,

45716-012-

PN01, 45717-012-PN01

Pass-Through Entity: Department of Education

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Lela Simmons, CFO: Tamera Pol, Special Education Director

Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-006, internal control system related to the grant agreement and the compliance requirements for Equipment.

Description of Corrective Action Plan:

The corrective action plan are as follows:

Equipment Procedures for Federal Project Grants

1. Special Education Clerk receives and inventories all equipment. She signs purchase order showing that all items have been received. All software on purchase orders for non-public schools are inventoried by the non-public school secretary who in turn forwards the information to the Special Education Clerk. All software purchased for SCEC through federal funding will be inventoried by Tech Intern and Director of Technology/designee. Both will sign off on list.

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Joel Rodriguez
Trustee


June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-006 - Special Education Cluster (IDEA) – Equipment

1. Special Education Clerk informs the tech intern who in turn reviews purchase order and asset tags all items and forwards them to the proper building.
2. Special Education Secretary prepares a list of all items on the federal projects grant to use as list #1 for comparison with Tech intern list #2.
3. Both lists will be reviewed by each other and Director of Special Education. All will sign and date showing review of list.
4. At the beginning of the school year, the Tech Intern and Special Education Secretary/designee will visit the buildings on the list to assure that equipment is at location designated on their list. Both lists must match and will be signed off by Tech Intern, Secretary and Director of Special Education. Asset tags will be checked to make sure that they are set appropriately on each item.
5. An asset tagging program has been purchased to assist and keep records of all equipment purchased. It will commence with current funding and work through to the oldest federal project.
6. At the end of the year/during the summer all inventory will be rechecked to make sure that all items are updated, working and accounted for.
7. The Director of Special Education, Chief Financial Officer, Tech Intern and Special Education Secretary will meet, discuss and submit a proposal to the Board of School Trustees for disposal of equipment. Once approved the tech intern will implement with the assistance of the Director of Technology. Both will sign off on the procedure.

Anticipated Completion Date: All internal controls are in process with Special Ed and Technology to ensure all equipment is labeled.



(Signature)

CFO

(Title)

6-7-18

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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-007 - Title I Grants to Local Educational Agencies - Procurement

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion


Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-007, internal control system the School Corporation compliance with requirements related to the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

Description of Corrective Action Plan:

The Title 1 Department followed the school district's policy for small purchase procedures. The policy is being updated and our department will follow the policy as it is newly written as we have done in the past beginning July 1, 2018.

Anticipated Completion Date: School City of East Chicago is in the process of adopting a new procurement policy, once the policy is adopted Title I one will go by the guide lines of the new policy.


(Signature)

CFO
(Title)

6-7-18
(Date)

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School City of East Chicago

Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-008 - Title I Grants to Local Educational Agencies - Reporting

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): SIG 14-15, FY 14-15, FY 15-16, SIG 16-17, FY 16-17

Contact Person Responsible for Corrective Action: Lela Simmons, CFO; Maria Brown, Title I
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-008, internal controls for retaining signed documents, segregation of duties, and Special Tests and Provisions – Assessment System Security.

Description of Corrective Action Plan:

School Corporation will follow all steps listed below to ensure all internal controls are followed:

- **Reporting:** Beginning in 2018, the Annual Expenditure Report will be reviewed and processed by the CFO. The document will be signed by the person completing the report.

Anticipated Completion Date: As of July 1, 2017, School City of East Chicago put internal controls in process to ensure all reporting and verification is documented.

(Signature)

(Title)

(Date)

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Learning for ALL... Whatever it Takes!

Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-009 - Title I Grants to Local Educational Agencies – Special Tests and Provisions - Comparability

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers):

SIG 14-15, FY 14-15,
FY 15-16, SIG 16-17, FY 16-17

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Lela Simmons,CFO: Kimberley Bradley, Title 1 Director

Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-009, internal controls of the School Corporation system related to the grant agreement and the compliance requirements for Special Tests and Provisions - Comparability.

Description of Corrective Action Plan:

The plan to correct the finding related to the Annual Comparability Report the following will be carried out:

- Our district’s Data Systems Analyst will retrieve the necessary information for the completion of the report. Once retrieved, he will sign the document ensuring that the information is correct.
- The report will be completed by the Director of Federal Projects using the data from our information system and will be submitted online.
- A copy of the submitted report will be signed by the Chief Financial Officer and the Director of Federal Projects and a copy will be kept in both the Federal Projects Office and with the CFO.
- This report will be completed annually though it will only be submitted to the state bi-annually unless otherwise requested by the state.

Board of School Trustees

Stacy Winfield President	Vanessa Hernandez-Orange Vice President	Dwayne Rancifer, Jr. Secretary	Jesse Gomez Trustee	Joel Rodriguez Trustee
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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-009 - Title I Grants to Local Educational Agencies – Special Tests and Provisions - Comparability

Anticipated Completion Date: School City of East Chicago has put in place, July 1, 2017, internal controls to ensure all grant agreements are followed.


(Signature)


(Title)


(Date)

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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-010 - Education Cluster, Title I Grants to Local Educational Agencies, Supporting Effective Instruction State Grants - Special Tests and Provisions – Schoolwide Programs

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants, Title I Grants to Local Educational Agencies, Supporting Effective Instruction State Grants

CFDA Numbers: 84.027, 84.173, 84.010, 84.367

Federal Award Numbers and Years (or Other Identifying Numbers):

14214-014-PN01, 14215-014-PN01, 14216-012-PN01,
14217-012-PN01, 99914-014-PN01, 45715-012-PN01,
45716-012-PN01, 45717-012-PN01, SIG 14-15,
FY 14-15, FY 15-16, SIG 16-17, FY 16-17, FY13, FFY14, FFY15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions – Schoolwide Programs

Audit Finding: Significant Deficiency

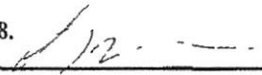
Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2017-010, internal controls the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions – Schoolwide Programs compliance requirement

Description of Corrective Action Plan:

Beginning June 2018, principals will be directed to print submission screens before submitting School Improvement plans to the DOEONLINE website. Currently, plans are submitted to the Title I office, along with this submission, a copy of the printed screens will be submitted as well. The superintendent or her designee will also print the submission screen for the verification screen for School Improvement Plans.

Anticipated Completion Date: School City of East Chicago will be working on internal controls for July 1, 2018.



 (Signature)

 (Title)

 (Date)

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Lela Simmons, Chief Financial Officer

June 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-011 - Supporting Effective Instruction State Grants - Special Tests and Provisions - Assessment of Need

Federal Agency: Department of Education
Federal Program: Supporting Effective Instruction State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): FFY 2013, FFY 2014, FFY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment of Need
Audit Findings: Material Weakness, Modified Opinion

Contact Person Responsible for Corrective Action: Lela Simmons,CFO: Maria Brown, Title 1
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:


The School City of East Chicago has reviewed Finding 2017-011, internal controls for system related to the grant agreement and the compliance requirements for Suspension and Debarment.


Description of Corrective Action Plan:


In response to the finding for Title IIA concerning the Comprehensive Needs Assessmentlack of documentation.

Once the principals submit their individual SIP (School Improvement) plans to the superintendent, I will make sure that the Title II grant has a copy to add. We will also keep a copy for our files/binder for quick reference.
With this guideline we can determine the anticipated costs associated with the SIP of each school and whether it is feasible for the grant to cover.

Anticipated Completion Date: School City of East Chicago will continue to ensure all internal controls are follow.



(Signature)


(Title)


(Date)

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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/>.