

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
07/06/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-29
Schedule of Leases and Debt	30
Schedule of Capital Assets.....	31
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	34-36
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	38-39
Notes to Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41-62
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	64-66
Corrective Action Plan	67-76
Other Reports.....	77

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michele Harrison	07-01-14 to 06-30-18
Superintendent of Schools	Michael F. Turner Ed Eiler (acting) Bruce Hatton (interim) Daniel A. Nelson	07-01-14 to 04-09-15 04-10-15 to 11-16-15 11-17-15 to 06-30-16 07-01-16 to 06-30-19
President of the School Board	Larry Bemis Terra D. Naylor Brian Hughes	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, 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 13, 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 13, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE NORTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION 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 North Vermillion Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated June 13, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

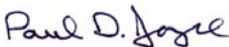
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Vermillion Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

June 13, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

(This page intentionally left blank.)

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

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 202,175	\$ 4,568,444	\$ 5,082,098	\$ 173,570	\$ (137,909)	\$ 4,869,777	\$ 4,714,144	\$ 628,727	\$ 646,451
Debt Service	537,097	1,289,055	897,753	(144,684)	783,715	1,444,667	1,151,876	(147,763)	928,743
Capital Projects	180,733	797,297	969,324	-	8,706	954,686	690,772	317,398	590,018
School Transportation	34,999	231,620	493,039	-	(226,420)	514,025	644,623	400,000	42,982
School Bus Replacement	47,442	75,784	44,232	-	78,994	76,505	81,344	-	74,155
Rainy Day	2,813	-	-	-	2,813	-	-	348,226	351,039
1 to 1 Technology Initiative	58,533	-	48,403	-	10,130	28,128	7,092	-	31,166
Elementary Construction	177,978	88	49,935	7,265	135,396	20,768	149,432	-	6,732
2014 Water Project	-	600	600	-	-	-	-	-	-
2015 GO Bond Construction	-	-	-	-	-	-	39,458	422,511	383,053
Indiana Bond Bank TAW	-	-	-	-	-	504,379	86,382	-	417,997
School Lunch	261,062	414,591	467,505	-	208,148	467,217	530,726	-	144,639
Textbook Rental	57,384	50,031	68,635	-	38,780	66,845	73,069	-	32,556
Educational License Plates	2,175	94	-	-	2,269	93	-	-	2,362
Alternative Education	7,846	4,690	-	-	12,536	-	2,500	-	10,036
Gifts, Bequests, Donations	688	-	-	-	688	-	-	-	688
Formative Assessment	-	-	-	-	-	8,868	8,868	-	-
High Ability Grant 2013-2014	13,893	-	13,893	-	-	-	-	-	-
High Ability Grant 2014-2015	-	26,688	4,288	(11,740)	10,660	-	10,660	-	-
High Ability Grant 2015-2016	-	-	-	-	-	27,673	6,312	(11,682)	9,679
Scholarships and Awards	18,788	168	1,000	-	17,956	500	1,000	-	17,456
School Technology	16,599	17,694	12,204	-	22,089	10,493	11,784	-	20,798
Digital Curriculum Fund	10,956	22,616	3,342	-	30,230	13,070	98	-	43,202
Local Wellness	5	2,500	2,500	-	5	-	-	-	5
Title I Grants to Local Educational Agencies 2013-2014	(5,122)	16,492	11,811	441	-	-	-	-	-
Title I Grants to Local Educational Agencies 2014-2015	-	92,994	101,717	(441)	(9,164)	21,237	14,935	2,862	-
Title I Grants to Local Educational Agencies 2015-2016	-	-	-	-	-	74,687	80,503	(2,862)	(8,678)
Title I State Agency Program for Neglected and Delinquent Children and Youth 2015-16	-	-	-	-	-	15,825	15,825	-	-
Title I State Agency Program for Neglected and Delinquent Children and Youth 2014-15	-	576	576	-	-	962	962	-	-
Special Education Grants to States FY 2013	(240)	320	80	-	-	-	-	-	-
Special Education Grants to States FY 2014	(10,342)	80,426	70,215	-	(131)	131	-	-	-
Special Education Grants to States FY 2015	-	73,176	84,123	-	(10,947)	88,316	77,660	-	(291)
Special Education Grants to States FY 2016	-	-	-	-	-	74,058	85,408	-	(11,350)
Special Education Preschool Grants FY 2013	(325)	325	-	-	-	-	-	-	-
Special Education Preschool Grants FY 2015	-	-	-	-	-	7,200	7,559	-	(359)
Special Education Preschool Grants FY 2016	-	-	-	-	-	7,200	7,200	-	-
Supporting Effective Instruction State Grants FY 2012	-	438	438	-	-	-	-	-	-
Supporting Effective Instruction State Grants FY 2013	-	29,421	30,104	683	-	1,836	1,836	-	-
Supporting Effective Instruction State Grants FY 2014	-	5,359	12,224	(683)	(7,548)	29,472	22,756	-	(832)
Supporting Effective Instruction State Grants FY 2015	-	-	-	-	-	25,000	25,791	-	(791)
Special Education - Part B	(4,829)	-	-	-	(4,829)	-	-	4,829	-
Prepaid Food Fund	-	-	-	-	-	3,886	-	-	3,886
Clearing Account	6,428	1,344,140	1,340,766	-	9,802	1,208,674	1,214,879	-	3,597
Totals	\$ 1,616,736	\$ 9,145,627	\$ 9,810,805	\$ 24,411	\$ 975,969	\$ 10,566,178	\$ 9,765,454	\$ 1,962,246	\$ 3,738,939

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party.

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. *Teachers' Retirement Fund*

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

C. *Additional Pension Plan*

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding this plan may be obtained from the School Corporation.

Note 7. *Cash Balance Deficits*

The financial statement contains some funds with deficits in cash. This is a result of grant funds requiring expenditure prior to receiving reimbursement. This is also due to budget and levy issues resulting in disbursements in excess of available funding for the General and School Transportation funds.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into a capital lease with North Vermillion Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$646,000 and \$900,000, respectively.

Note 9. *Subsequent Events*

The School Corporation operated an underground drinking water well system, located on school property. The School Corporation ceased utilizing the elementary well for drinking water in December 2011, when the well started having water quality issues with increasing levels of nitrate. To protect the health of the students, the School Corporation began using bottled water.

In April 2016, the School Corporation and the Indiana Department of Environmental Management (IDEM) entered into an Agreed Order to bring the nitrate levels down to below the maximum contaminant level (MCL).

The School Corporation looked at several options. One of the options was to contact the Town of Cayuga (Town) to see if connection to the Town would be a feasible alternative. The Town was willing and had a nearby connection point that could handle the volume needed for the School Corporation. This alternative would bring the School Corporation into compliance with the Agreed Order and allow the students to once again use the existing distribution system within the elementary school.

The School Corporation contacted the State Revolving Loan Program for financial assistance. It was determined at the time that the best financial alternative would be for the Town to be the recipient of funding. The Town already had a billing system in place and the cost of the project would be billed to the School Corporation. The project included over 7,700 feet of 8-inch diameter water main bored under SR 234 and the Vermillion River, and running along State Road 63 up to the connection points with both the elementary and junior-senior high school buildings.

The total cost of the project is \$1,788,900.42 based on a 20-year SRF and SIL Loan and a 24-year 2001 RD Loan. The School Corporation pays a monthly payment in the amount of \$7,163 based on the monthly invoice that comes from the Town. The School Corporation began making payments in February 2017.

Note 10. *Other Postemployment Benefits*

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

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

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

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	1 to 1 Technology Initiative	Elementary Construction	2014 Water Project
Cash and investments - beginning	\$ 202,175	\$ 537,097	\$ 180,733	\$ 34,999	\$ 47,442	\$ 2,813	\$ 58,533	\$ 177,978	\$ -
Receipts:									
Local sources	31,691	1,288,759	796,894	231,620	75,784	-	-	88	-
Intermediate sources	-	296	-	-	-	-	-	-	-
State sources	4,534,858	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	1,895	-	403	-	-	-	-	-	600
Total receipts	4,568,444	1,289,055	797,297	231,620	75,784	-	-	88	600
Disbursements:									
Instruction	3,143,862	-	-	-	-	-	-	-	-
Support services	1,775,761	-	594,321	493,039	44,232	-	48,403	7,265	600
Noninstructional services	162,475	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	92,142	-	-	-	-	42,670	-
Debt service	-	897,753	282,861	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,082,098	897,753	969,324	493,039	44,232	-	48,403	49,935	600
Excess (deficiency) of receipts over disbursements	(513,654)	391,302	(172,027)	(261,419)	31,552	-	(48,403)	(49,847)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	19,985	-	-	-	-	-	-	-
Sale of capital assets	4,426	-	-	-	-	-	-	-	-
Transfers in	176,409	-	-	-	-	-	-	7,265	-
Transfers out	(7,265)	(164,669)	-	-	-	-	-	-	-
Total other financing sources (uses)	173,570	(144,684)	-	-	-	-	-	7,265	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(340,084)	246,618	(172,027)	(261,419)	31,552	-	(48,403)	(42,582)	-
Cash and investments - ending	\$ (137,909)	\$ 783,715	\$ 8,706	\$ (226,420)	\$ 78,994	\$ 2,813	\$ 10,130	\$ 135,396	\$ -

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

	2015 GO Bond Construction	Indiana Bond Bank TAW	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	Gifts, Bequests, Donations	Formative Assessment	High Ability Grant 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ 261,062	\$ 57,384	\$ 2,175	\$ 7,846	\$ 688	\$ -	\$ 13,893
Receipts:									
Local sources	-	-	194,622	23,610	-	-	-	-	-
Intermediate sources	-	-	-	-	94	-	-	-	-
State sources	-	-	4,193	26,421	-	4,690	-	-	-
Federal sources	-	-	215,342	-	-	-	-	-	-
Other receipts	-	-	434	-	-	-	-	-	-
Total receipts	-	-	414,591	50,031	94	4,690	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	4,584
Support services	-	-	4,880	68,635	-	-	-	-	9,309
Noninstructional services	-	-	462,625	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	467,505	68,635	-	-	-	-	13,893
Excess (deficiency) of receipts over disbursements	-	-	(52,914)	(18,604)	94	4,690	-	-	(13,893)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(52,914)	(18,604)	94	4,690	-	-	(13,893)
Cash and investments - ending	\$ -	\$ -	\$ 208,148	\$ 38,780	\$ 2,269	\$ 12,536	\$ 688	\$ -	\$ -

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

	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Scholarships and Awards	School Technology	Digital Curriculum Fund	Local Wellness	Title I Grants to Local Educational Agencies 2013-2014	Title I Grants to Local Educational Agencies 2014-2015	Title I Grants to Local Educational Agencies 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ 18,788	\$ 16,599	\$ 10,956	\$ 5	\$ (5,122)	\$ -	\$ -
Receipts:									
Local sources	-	-	168	1,602	22,616	2,500	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	26,688	-	-	16,092	-	-	-	-	-
Federal sources	-	-	-	-	-	-	16,492	92,994	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	26,688	-	168	17,694	22,616	2,500	16,492	92,994	-
Disbursements:									
Instruction	4,288	-	-	-	-	-	9,311	98,392	-
Support services	-	-	-	12,204	3,342	-	2,500	2,979	-
Noninstructional services	-	-	-	-	-	2,500	-	346	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,000	-	-	-	-	-	-
Total disbursements	4,288	-	1,000	12,204	3,342	2,500	11,811	101,717	-
Excess (deficiency) of receipts over disbursements	22,400	-	(832)	5,490	19,274	-	4,681	(8,723)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	441	-	-
Transfers out	(11,740)	-	-	-	-	-	-	(441)	-
Total other financing sources (uses)	(11,740)	-	-	-	-	-	441	(441)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,660	-	(832)	5,490	19,274	-	5,122	(9,164)	-
Cash and investments - ending	\$ 10,660	\$ -	\$ 17,956	\$ 22,089	\$ 30,230	\$ 5	\$ -	\$ (9,164)	\$ -

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

	Title I State Agency Program for Neglected and Delinquent Children and Youth 2015-16	Title I State Agency Program for Neglected and Delinquent Children and Youth 2014-15	Special Education Grants to States FY 2013	Special Education Grants to States FY 2014	Special Education Grants to States FY 2015	Special Education Grants to States FY 2016	Special Education Preschool Grants FY 2013	Special Education Preschool Grants FY 2015	Special Education Preschool Grants FY 2016
Cash and investments - beginning	\$ -	\$ -	\$ (240)	\$ (10,342)	\$ -	\$ -	\$ (325)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	576	320	80,426	73,176	-	325	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	576	320	80,426	73,176	-	325	-	-
Disbursements:									
Instruction	-	576	80	70,215	84,123	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	576	80	70,215	84,123	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	240	10,211	(10,947)	-	325	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	240	10,211	(10,947)	-	325	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (131)	\$ (10,947)	\$ -	\$ -	\$ -	\$ -

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

	Supporting Effective Instruction State Grants FY 2012	Supporting Effective Instruction State Grants FY 2013	Supporting Effective Instruction State Grants FY 2014	Supporting Effective Instruction State Grants FY 2015	Special Education - Part B	Prepaid Food Fund	Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (4,829)	\$ -	\$ 6,428	\$ 1,616,736
Receipts:								
Local sources	-	-	-	-	-	-	-	2,669,954
Intermediate sources	-	-	-	-	-	-	-	390
State sources	-	-	-	-	-	-	-	4,612,942
Federal sources	438	29,421	5,359	-	-	-	-	514,869
Other receipts	-	-	-	-	-	-	1,344,140	1,347,472
Total receipts	438	29,421	5,359	-	-	-	1,344,140	9,145,627
Disbursements:								
Instruction	438	30,104	12,224	-	-	-	-	3,458,197
Support services	-	-	-	-	-	-	-	3,067,470
Noninstructional services	-	-	-	-	-	-	-	627,946
Facilities acquisition and construction	-	-	-	-	-	-	-	134,812
Debt service	-	-	-	-	-	-	-	1,180,614
Nonprogrammed charges	-	-	-	-	-	-	1,340,766	1,341,766
Total disbursements	438	30,104	12,224	-	-	-	1,340,766	9,810,805
Excess (deficiency) of receipts over disbursements	-	(683)	(6,865)	-	-	-	3,374	(665,178)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	19,985
Sale of capital assets	-	-	-	-	-	-	-	4,426
Transfers in	-	683	-	-	-	-	-	184,798
Transfers out	-	-	(683)	-	-	-	-	(184,798)
Total other financing sources (uses)	-	683	(683)	-	-	-	-	24,411
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(7,548)	-	-	-	3,374	(640,767)
Cash and investments - ending	\$ -	\$ -	\$ (7,548)	\$ -	\$ (4,829)	\$ -	\$ 9,802	\$ 975,969

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	1 to 1 Technology Initiative	Elementary Construction	2014 Water Project
Cash and investments - beginning	\$ (137,909)	\$ 783,715	\$ 8,706	\$ (226,420)	\$ 78,994	\$ 2,813	\$ 10,130	\$ 135,396	\$ -
Receipts:									
Local sources	98,634	1,444,076	954,686	513,945	76,505	-	-	20,768	-
Intermediate sources	-	591	-	-	-	-	-	-	-
State sources	4,732,853	-	-	-	-	-	-	-	-
Federal sources	34,770	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	3,520	-	-	80	-	-	28,128	-	-
Total receipts	4,869,777	1,444,667	954,686	514,025	76,505	-	28,128	20,768	-
Disbursements:									
Instruction	2,867,096	-	-	-	-	-	-	-	-
Support services	1,691,546	-	493,782	492,330	81,344	-	7,092	-	-
Noninstructional services	155,502	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	53,829	-	-	-	-	97,096	-
Debt service	-	1,151,876	143,161	152,293	-	-	-	52,336	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,714,144	1,151,876	690,772	644,623	81,344	-	7,092	149,432	-
Excess (deficiency) of receipts over disbursements	155,633	292,791	263,914	(130,598)	(4,839)	-	21,036	(128,664)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	5	-	-	-	-	-	-	-	-
Transfers in	797,803	-	2,982,113	700,000	-	1,406,569	-	-	-
Transfers out	(169,081)	(147,763)	(2,664,715)	(300,000)	-	(1,058,343)	-	-	-
Total other financing sources (uses)	628,727	(147,763)	317,398	400,000	-	348,226	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	784,360	145,028	581,312	269,402	(4,839)	348,226	21,036	(128,664)	-
Cash and investments - ending	\$ 646,451	\$ 928,743	\$ 590,018	\$ 42,982	\$ 74,155	\$ 351,039	\$ 31,166	\$ 6,732	\$ -

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

	2015 GO Bond Construction	Indiana Bond Bank TAW	School Lunch	Textbook Rental	Educational License Plates	Alternative Education	Gifts, Bequests, Donations	Formative Assessment	High Ability Grant 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ 208,148	\$ 38,780	\$ 2,269	\$ 12,536	\$ 688	\$ -	\$ -
Receipts:									
Local sources	-	-	196,195	40,269	-	-	-	-	-
Intermediate sources	-	-	-	-	93	-	-	-	-
State sources	-	-	4,425	26,576	-	-	-	8,868	-
Federal sources	-	-	266,537	-	-	-	-	-	-
Temporary loans	-	504,379	-	-	-	-	-	-	-
Other receipts	-	-	60	-	-	-	-	-	-
Total receipts	-	504,379	467,217	66,845	93	-	-	8,868	-
Disbursements:									
Instruction	-	-	-	-	-	2,500	-	-	-
Support services	-	-	11,485	73,069	-	-	-	8,868	-
Noninstructional services	-	-	484,471	-	-	-	-	-	-
Facilities acquisition and construction	39,458	-	-	-	-	-	-	-	-
Debt service	-	86,382	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	34,770	-	-	-	-	-	-
Total disbursements	39,458	86,382	530,726	73,069	-	2,500	-	8,868	-
Excess (deficiency) of receipts over disbursements	(39,458)	417,997	(63,509)	(6,224)	93	(2,500)	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	1,962,241	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	978,131	-	-	-	-	-	-	-	-
Transfers out	(2,517,861)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	422,511	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	383,053	417,997	(63,509)	(6,224)	93	(2,500)	-	-	-
Cash and investments - ending	\$ 383,053	\$ 417,997	\$ 144,639	\$ 32,556	\$ 2,362	\$ 10,036	\$ 688	\$ -	\$ -

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

	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Scholarships and Awards	School Technology	Digital Curriculum Fund	Local Wellness	Title I Grants to Local Educational Agencies 2013-2014	Title I Grants to Local Educational Agencies 2014-2015	Title I Grants to Local Educational Agencies 2015-2016
Cash and investments - beginning	\$ 10,660	\$ -	\$ 17,956	\$ 22,089	\$ 30,230	\$ 5	\$ -	\$ (9,164)	\$ -
Receipts:									
Local sources	-	-	500	50	13,070	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	27,673	-	10,443	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	21,237	74,687
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	27,673	500	10,493	13,070	-	-	21,237	74,687
Disbursements:									
Instruction	7,313	6,312	-	-	-	-	-	14,935	72,766
Support services	3,347	-	-	11,784	98	-	-	-	7,260
Noninstructional services	-	-	-	-	-	-	-	-	477
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,000	-	-	-	-	-	-
Total disbursements	10,660	6,312	1,000	11,784	98	-	-	14,935	80,503
Excess (deficiency) of receipts over disbursements	(10,660)	21,361	(500)	(1,291)	12,972	-	-	6,302	(5,816)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	2,862	-
Transfers out	-	(11,682)	-	-	-	-	-	-	(2,862)
Total other financing sources (uses)	-	(11,682)	-	-	-	-	-	2,862	(2,862)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,660)	9,679	(500)	(1,291)	12,972	-	-	9,164	(8,678)
Cash and investments - ending	\$ -	\$ 9,679	\$ 17,456	\$ 20,798	\$ 43,202	\$ 5	\$ -	\$ -	\$ (8,678)

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

	Title I State Agency Program for Neglected and Delinquent Children and Youth 2015-16	Title I State Agency Program for Neglected and Delinquent Children and Youth 2014-15	Special Education Grants to States FY 2013	Special Education Grants to States FY 2014	Special Education Grants to States FY 2015	Special Education Grants to States FY 2016	Special Education Preschool Grants FY 2013	Special Education Preschool Grants FY 2015	Special Education Preschool Grants FY 2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (131)	\$ (10,947)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	15,825	962	-	131	88,316	74,058	-	7,200	7,200
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	15,825	962	-	131	88,316	74,058	-	7,200	7,200
Disbursements:									
Instruction	15,825	962	-	-	77,660	85,408	-	7,559	7,200
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,825	962	-	-	77,660	85,408	-	7,559	7,200
Excess (deficiency) of receipts over disbursements	-	-	-	131	10,656	(11,350)	-	(359)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	131	10,656	(11,350)	-	(359)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (291)	\$ (11,350)	\$ -	\$ (359)	\$ -

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

	Supporting Effective Instruction State Grants FY 2012	Supporting Effective Instruction State Grants FY 2013	Supporting Effective Instruction State Grants FY 2014	Supporting Effective Instruction State Grants FY 2015	Special Education - Part B	Prepaid Food Fund	Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (7,548)	\$ -	\$ (4,829)	\$ -	\$ 9,802	\$ 975,969
Receipts:								
Local sources	-	-	-	-	-	-	-	3,358,698
Intermediate sources	-	-	-	-	-	-	-	684
State sources	-	-	-	-	-	-	-	4,810,838
Federal sources	-	1,836	29,283	25,000	-	-	-	647,042
Temporary loans	-	-	-	-	-	-	-	504,379
Other receipts	-	-	189	-	-	3,886	1,208,674	1,244,537
Total receipts	-	1,836	29,472	25,000	-	3,886	1,208,674	10,566,178
Disbursements:								
Instruction	-	1,836	22,756	25,791	-	-	-	3,215,919
Support services	-	-	-	-	-	-	-	2,882,005
Noninstructional services	-	-	-	-	-	-	-	640,450
Facilities acquisition and construction	-	-	-	-	-	-	-	190,383
Debt service	-	-	-	-	-	-	-	1,586,048
Nonprogrammed charges	-	-	-	-	-	-	1,214,879	1,250,649
Total disbursements	-	1,836	22,756	25,791	-	-	1,214,879	9,765,454
Excess (deficiency) of receipts over disbursements	-	-	6,716	(791)	-	3,886	(6,205)	800,724
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,962,241
Sale of capital assets	-	-	-	-	-	-	-	5
Transfers in	-	-	-	-	4,829	-	-	6,872,307
Transfers out	-	-	-	-	-	-	-	(6,872,307)
Total other financing sources (uses)	-	-	-	-	4,829	-	-	1,962,246
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	6,716	(791)	4,829	3,886	(6,205)	2,762,970
Cash and investments - ending	\$ -	\$ -	\$ (832)	\$ (791)	\$ -	\$ 3,886	\$ 3,597	\$ 3,738,939

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: North Vermillion Community School Building Corporation	Renovation/upgrade of buildings and campus	\$ 1,021,500	6/30/2014	12/31/2021
Total of annual lease payments		<u>\$ 1,021,500</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Taxable GO Bonds of 2015		\$ 2,000,000	\$ 228,374
Tax anticipation warrants	Indiana Bond Bank - Cash flow purposes		418,429	422,867
Notes and loans payable	Upgrading/renovating North Vermillion Jr.-Sr. High School		1,270,310	124,789
Notes and loans payable	Apple I-Pads		<u>120,758</u>	<u>123,161</u>
Total governmental activities			<u>3,809,497</u>	<u>899,191</u>
Totals			<u>\$ 3,809,497</u>	<u>\$ 899,191</u>

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 52,500
Buildings	11,182,307
Improvements other than buildings	2,167,152
Machinery, equipment, and vehicles	<u>5,941,537</u>
Total governmental activities	<u>19,343,496</u>
Total capital assets	<u><u>\$ 19,343,496</u></u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE NORTH VERMILLION COMMUNITY SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2016-007, in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking, described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Child Nutrition Cluster

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Child Nutrition Cluster as identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, and 2016-009. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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


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

reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, and 2016-009 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-010 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 13, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	2014-2015 2015-2016	\$ - -	\$ 58,991 -	\$ - -	\$ - 76,311
Total - School Breakfast Program				-	58,991	-	76,311
National School Lunch Program							
Commodities	Indiana Department of Education	10.555	2014-2015 2015-2016 2014-2015 2015-2016	- - - -	156,351 - 24,739 -	- - - -	- 190,226 - 24,017
Total - National School Lunch Program				-	181,090	-	214,243
Total - Child Nutrition Cluster				-	240,081	-	290,554
Department of Education							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Regular Special Ed (611) FY 2013	Indiana Department of Education	84.027	14213-089-PN01	-	320	-	-
Regular Special Ed (611) FY 2014			14214-089-PN01	-	80,426	-	131
Regular Special Ed (611) FY 2015			14215-089-PN01	-	73,176	-	88,316
Regular Special Ed (611) FY 2016			14216-081-PN01	-	-	-	74,058
Total - Special Education_Grants to States				-	153,922	-	162,505
Special Education_Preschool Grants							
Preschool Special Ed (619) FY 2013	Indiana Department of Education	84.173	45713-089-PN01	-	325	-	-
Preschool Special Ed (619) FY 2015			45715-089-PN01	-	-	-	7,200
Preschool Special Ed (619) FY 2016			45716-082-PN01	-	-	-	7,200
Total - Special Education_Preschool Grants				-	325	-	14,400
Total - Special Education Cluster (IDEA)				-	154,247	-	176,905

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I - 2013-2014			14-8010	-	16,933	-	-
Title I - 2014-2015			15-8010	-	92,994	-	21,237
Title I - 2015-2016			16-8010	-	-	-	74,687
Total - Title I Grants to Local Educational Agencies				-	109,927	-	95,924
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013					
Title I-D Subpart 2 SY 2014-2015			SY 2014-2015	-	576	-	962
Title I-D Subpart 2 SY 2015-2016			SY 2015-2016	-	-	-	15,825
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	576	-	16,787
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
Title II-A FY 2012			12-8010	-	438	-	-
Title II-A FY 2013			13-8010	-	30,104	-	1,836
Title II-A FY 2014			14-8010	-	5,359	-	29,283
Title II-A FY 2015			15-8010	-	-	-	25,000
Total - Improving Teacher Quality State Grants				-	35,901	-	56,119
Total - Department of Education				-	300,651	-	345,735
Total federal awards expended				\$ -	\$ 540,732	\$ -	\$ 636,289

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Qualified for Special Education Cluster (IDEA), Unmodified for Child Nutrition Cluster
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2014-001 and 2014-002.

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

Condition

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the financial statement and Schedule of Expenditures of Federal Awards (SEFA). The School Corporation had not separated incompatible activities related to disbursements, financial transactions and reporting, and the SEFA.

Disbursements

One employee determined, remitted, and recorded the disbursements for employer-provided benefits and the employer share of payroll withholdings ledger without evidence of a proper system of oversight or review.

One employee was responsible for comparing accounts payable vouchers and checks issued to the disbursements recorded in the ledgers without any review or oversight.

Financial Transactions and Reporting

One individual prepared the financial reports without evidence of a proper system of oversight or review.

Schedule of Expenditures of Federal Awards (SEFA)

One employee prepared the SEFA without evidence of a proper system of oversight or review.

Context

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

Criteria

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

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

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

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

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

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. . . ."

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

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

Cause

Management had not established a system of internal controls that would have ensured proper recording and reporting of financial transactions and the SEFA.

Effect

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

Recommendation

We recommended that the School Corporation establish a system of internal controls to ensure that financial transactions are properly recorded and reported, and federal expenditures are properly reported in 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 2016-002

Subject: Child Nutrition Cluster - Internal Controls

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): 2014-2015, 2015-2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Costs Principles, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

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

Repeat Finding

This is a repeat finding from the immediately prior audit related to Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Paid Lunch Equity. The prior audit finding number was 2014-003.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP); and Special Tests and Provisions - Paid Lunch Equity.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

One employee determined, remitted, and recorded the disbursements for employer-provided benefits and the employer share of payroll withholdings ledger without evidence of a proper system of oversight or review.

Eligibility

The School Corporation relied on computer software to determine eligibility. The income guidelines were entered in the computer software by the school lunch director. There was no review or oversight to verify that the correct guidelines and information were entered in the computer software.

Reporting

There were no controls in place to ensure that required reports were complete and accurate prior to submission. One employee prepared and submitted the following reports without any oversight, review, or approval: Annual Financial Reports, School Food Authority Verification Collection Reports, and Claims for Reimbursement.

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

The Administrative Assistant of the School Corporation performed the verification of applications for the Food Service Department without evidence of oversight or review.

Special Tests and Provisions - Paid Lunch Equity

The Food Service Director performed the paid lunch equity calculations using the online calculator tool without evidence of oversight or review.

Context

The lack of an effective internal control system was a systemic problem throughout the audit period.

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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 and 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 compliance requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2016-003

Subject: Child Nutrition Cluster - 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): 2014-2015, 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

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

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no oversight, review, or monitoring of the cash balances.

The School Corporation did not comply with the cash management requirement that they limit their cash balance to three months average expenditures.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period. The School Corporation maintained cash balances in excess of three months average expenditures for 16 of the 24 months during the audit period. The cash balances exceeded three months average expenditures by a range of \$51,205 to \$132,068 in the 2014-2015 fiscal year and from \$719 to \$57,423 in the 2015-2016 fiscal year.

Criteria

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

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable 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:

NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
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 and the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

(iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2016-004

Subject: Child Nutrition Cluster - Equipment and Real Property 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): 2014-2015, 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition

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

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

The School Corporation was not maintaining a list of all equipment that was acquired with federal funds. The School Corporation failed to include an oven purchased for \$15,874 in the 2014-2015 school year. It was also determined that some of the cafeteria equipment on hand was not included in the record of equipment. This included three convection ovens at the high school.

The record of equipment did not include serial numbers or other identification numbers. The record of equipment did not indicate the source of funding.

A complete physical inventory of equipment acquired under federal awards was not performed during the audit period that would have allowed the School Corporation to determine if the item was included or omitted from the record of equipment.

The lack of a complete and accurate equipment record and failure to complete a physical inventory also prevented the testing of compliance related to disposals or dispositions of equipment.

Context

The lack of controls and the noncompliance were systemic problems during 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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313 states in part:

". . . (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:

- (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. . . .

(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

Management had not developed a system of internal controls that would have ensured compliance with the Equipment and Real Property Management compliance requirement.

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

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation. That noncompliance also prevented further testing of compliance related to disposals or dispositions of equipment.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
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): 2014-2015, 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

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

Procurement

An effective internal control system was not in place at the School Corporation to ensure that the purchasing methods used complied with applicable state and local requirements, or that revisions were made to the purchasing policy to ensure that the purchasing method used complied with 2 CFR 200.320.

The School Corporation did not comply with the procurement requirements.

The School Corporation did not comply with its purchasing policy requiring School Board approval of bids let and accepted by the local cooperative.

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

The School Corporation did not revise its purchasing policy to address the methods of procurement required by 2 CFR 200.320. The policy did not include the procedures for each method of procurement (micro-purchase, small purchase, or sealed bid) and the thresholds for each method as follows:

Procurement Method	Dollar Amount
Micro-Purchase	< \$3,500
Small Purchase	\$3,500 - 150,000
Exceeds Simplified Acquisition	> \$150,000

The School Corporation did not obtain quotes when procuring goods from vendors when required. Quotes were not obtained for purchases made from three vendors which totaled \$35,843.

Suspension and Debarment

The School Corporation had not established internal controls to ensure compliance with suspension and debarment requirements. There were no effective controls in place to ensure that the vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not comply with the suspension and debarment requirements. The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before doing business with them.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal controls 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). . . ."

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

7 CFR 3016.36(b) states in part: "*Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section . . ."

Indiana Code 20-26-4-8 states:

"Notwithstanding any other law, the president and secretary of the governing body of a school corporation are entitled, on behalf of the school corporation, to sign any contract, including employment contracts and contracts for goods and services. However, each contract must be approved by a majority of all members of the governing body. In the absence of either the president or secretary of the governing body, the vice president is entitled to sign the contracts with the officer who is present."

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.320 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.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c) (1) of this section apply. . . ."

2 CFR 180.300 states:

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

You do this by:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation 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 2016-006

Subject: Child Nutrition Cluster - Program Income

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): 2014-2015, 2015-2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation had not properly designed or implemented adequate controls to ensure that program income was properly recorded. There was no calculation, review, or comparison of income derived from the number of meals served multiplied by the appropriate meal rates charged to the amount of cash received and recorded in the School Lunch fund.

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

The School Corporation did not comply with program income requirements. The School Corporation did not establish a separate fund for prepaid meals until June 30, 2016. Collections for prepaid meals and meals served were commingled in the School Lunch fund. There was no distinction between income earned based upon meals served and collections held in trust as prepayments.

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). . . ."

7 CFR 210.14(c) states:

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

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Bulletin and Uniform Compliance Guidelines, September 2008)

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

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-007

Subject: Special Education Cluster (IDEA) - Level of Effort

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): 14213-089-PN01, 14214-089-PN01,
14215-089-PN01, 14216-081-PN01,
45713-089-PN01, 45715-089-PN01,
45716-082-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Level of Effort - Maintenance of Effort requirements for the Matching, Level of Effort, Earmarking compliance requirement.

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

The Superintendent of Schools prepared the Level of Effort - Maintenance of Effort calculation for the fiscal year 2016 application and fiscal year 2017 application. An oversight or review process related to the calculation had not been established.

The School Corporation could not provide documentation for audit of the Level of Effort - Maintenance of Effort calculations for the fiscal year 2015 application.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of documentation for the fiscal year 2015 application was an isolated issue.

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 had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to retain and provide supporting documentation prevented the determination of the School Corporation's compliance with the Level of Effort - Maintenance of Effort compliance requirement.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

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

FINDING 2016-008

Subject: Special Education Cluster (IDEA) - Activities Allowed
or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education _Grants to States, Special Education _Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-089-PN01, 14214-089-PN01,
14215-089-PN01, 14216-081-PN01,
45713-089-PN01, 45715-089-PN01,
45716-082-PN01

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

One employee determined, remitted, and recorded the disbursements for employer-provided benefits and the employer share of payroll withholdings ledger without evidence of a proper system of oversight or review.

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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

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

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

FINDING 2016-009

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027; 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-089-PN01, 14214-089-PN01,
14215-089-PN01, 14216-081-PN01,
45713-089-PN01, 45715-089-PN01,
45716-082-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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

Condition

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

The School Corporation had not established internal controls to ensure that its purchasing policy and the purchasing method used were in compliance with 2 CFR 200.320.

The School Corporation's procurement policy did not address the methods of procurement required by 2 CFR 200.320. The policy did not include the procedures for each method of procurement (micro purchase, small purchase, or sealed bid), and the thresholds for each method as follows:

<u>Procurement Method</u>	<u>Dollar Amount</u>
Micro-Purchase	< \$3,500
Small Purchase	\$3,500 - 150,000
Exceeds Simplified Acquisition	> \$150,000

Context

The lack of controls was a systemic issue, which occurred throughout the 2015-2016 fiscal year due to changes in federal requirements for procurement.

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

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

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

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.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation 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.

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

FINDING 2016-010

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): 14213-089-PN01, 14214-089-PN01,
14215-089-PN01, 14216-081-PN01,
45713-089-PN01, 45715-089-PN01,
45716-082-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Significant Deficiency

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement for special reports, including the Disciplinary (formerly Suspension and Expulsion) and Termination reports.

1. Suspension and Expulsion Reports: The IT Director was responsible for extracting the data for this report from the student management system and uploading the report data to the state. The school principals were requested to review the reports. Review of this data was not documented.
2. Termination Reports: The IT Director was responsible for extracting the data for this report from the student management system, and submitting the report. Another individual was responsible for reviewing the information in the system in conjunction with the IT Director, but the review was not documented.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

Cause

The School Corporation had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Reporting compliance requirement related to the special reports.

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 an effective 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.

AUDITEE-PREPARED DOCUMENTS

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

**THE NORTH VERMILLION COMMUNITY SCHOOL CORPORATION
5551 NORTH FALCON DRIVE
CAYUGA, INDIANA 47928
Office: 765-492-4033
Fax: 765-492-7001**

**Daniel Nelson
SUPERINTENDENT**

**Shelly Harrison
TREASURER**

**Debra L. Harding
ADMINISTRATIVE
ASSISTANT
HS TREASURER**

**Pamela Carli
TECHNOLOGY DIRECTOR**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, NATIONAL SCHOOL LUNCH PROGRAM, AND SCHOOL BREAKFAST PROGRAM

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-8010, 13-8010, 14-8010
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Michele Harrison
Contact Phone Number: 765-492-5101

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program, School Breakfast Program
CFDA Number: 10.555, 10.553
Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Michele Harrison
Contact Phone Number: 765-492-5101

Title I –

The Title I Director prepares the Title I Grant Application and Budget. Following approval of the Grant by the IDOE Office of Federal Title Grant Programs and Support, the Title I Director and the Treasurer meet and the Treasurer enters the appropriations into Komputrol according to the Grant approval. The Title I Reimbursement Form is completed monthly online through the Title I Programs Application Center. Treasurer is the "Requester" and Superintendent is the "Approver". A copy of the Reimbursement Form, Fund Chart of Accounts Report, Expenditure Report, and Revenue History Report are provided to the Superintendent, Title I Director and North Vermillion Elementary School Principal. The Title I Director and the Treasurer complete the Annual Expenditure Report.

National School Lunch Program and School Breakfast Program –

1. Head Cooks check pricing on all food and supplies and then place orders accordingly. When orders are received, a cafeteria employee, along with the Head Cook, checks in the items to make sure all items were received. The cafeteria employee then signs off on the invoice. Head Cook gives all invoices and packing slips to Food Service Director. Food Service Director checks for accuracy, matches invoices to statements, signs off and gives to Treasurer for payment.

2. The North Vermillion Board of School Trustees approves the breakfast and lunch prices yearly. Indirect Costs were charged in the amount of \$34,770.29 on September 21, 2015 and \$56,409.15 on December 19, 2016. Indirect Costs were charged in order to bring down the balance in the School Lunch Account.

3. There is a lock box on the wall in the North Vermillion Elementary Cafeteria serving area. Students may drop off envelopes with their cafeteria id number and payment on their account. The key to said lock box is kept in a secure location. Cash register drawers are counted by the individual operating the cash register. Counting of the drawers is done separately. Balance sheets for each register are signed by the individual that operated and counted the drawer. These balance sheets along with the cash and/or checks for that register are then provided to the Head Cook to recount. The Head Cook then combines the total of both registers. A Line Detail Report is then printed for the day. The total of both registers is balanced to the Line Detail Report for accuracy. The Line Detail Reports are provided to the Treasurer on a daily basis and Treasurer processes receipts in Komputrol accordingly. During bank statement balancing, Treasurer matches the Line Detail Reports to the deposits on the Bank Statement provided by the financial institution.

4. The necessary calculation for paid lunch equity is completed by the Food Service Director. The calculation for paid lunch equity is done on a yearly basis. The breakfast and lunch prices are approved yearly by the North Vermillion Board of School Trustees.

FINDING 2014-004 – PROGRAM INCOME FOR NATIONAL SCHOOL LUNCH PROGRAM AND SCHOOL BREAKFAST PROGRAM

Federal Agency: Department of Agriculture
 Federal Program: National School Lunch Program, School Breakfast Program
 CFDA Number: 10.555, 10.553
 Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14
 Pass-Through Entity: Indiana Department of Education
 Contact Person Responsible for Corrective Action: Michele Harrison
 Contact Phone Number: 765-492-5101

Daily Line Detail Reports from each school cafeteria are provided to the Treasurer on a daily basis. Food Service Director receives an email notification when an online cafeteria payment is made. Food Service Director logs on to Vantiv IQ and prints a daily summary of online cafeteria payments. Food Service Director separates the payment and associated fees on an excel spreadsheet. Once the financial institution bank statement is available, Treasurer provides a copy of the bank statement showing the online payments made. Food Service Director matches the online payments on Vantiv IQ to the online payments on the bank statement. Food Service Director then provides Treasurer with the breakdown of the online cafeteria payments as to how much is to be credited to the Prepaid Food Fund and how much is to be credited to Cafeteria Fund for the associated fees.

FINDING 2014-005 – SPECIAL TESTS AND PROVISIONS FOR NATIONAL SCHOOL LUNCH PROGRAM AND SCHOOL BREAKFAST PROGRAM

Federal Agency: Department of Agriculture
 Federal Program: National School Lunch Program, School Breakfast Program
 CFDA Number: 10.555, 10.553
 Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14
 Pass-Through Entity: Indiana Department of Education
 Contact Person Responsible for Corrective Action: Michele Harrison
 Contact Phone Number: 765-492-5101

The necessary calculation for paid lunch equity is completed by the Food Service Director on a yearly basis. The breakfast and lunch prices are approved yearly by the North Vermillion Board of School Trustees. Indirect Costs were charged in the amount of \$34,770.29 on September 21, 2015 and \$56,409.15 on December 19, 2016.



(Signature)

Corporation Treasurer

(Title)

May 29, 2018

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Michele Harrison
Contact Phone Number: (765) 492-5101

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: The management team of North Vermillion Community School Corporation (NVCSC) will correct deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The observed lack of segregation of duties of incompatible activities related to disbursements, Final Transaction and Reporting, and the Schedule of Expenditures of Federal Awards (SEFA) is currently checked by the Deputy Treasurer after being prepared by the Treasurer. The Deputy Treasurer will begin initialing disbursements and the components of SEFA to indicate review. If the Deputy Treasurer is unavailable, the Superintendent will review receipts.

The internal controls will also become a district wide mandated through training of corporation staff. The corporation treasurer has watched the internal controls training webinar and completed the sign off sheet. The corporation will mandate that the internal control webinar be viewed by all certified and noncertified staff which handles money within the first two weeks of the start of the new school year or the date of their new employment with the corporation. A signoff form will be completed by the staff member for verification as well.

Gateway submissions will be reviewed by the Deputy Treasurer, the financial consultant, or a central office administrator prior to final submission. Reports will be printed and initialed indicating review and approval.

Anticipated Completion Date: The process of corrective action has already started.



(Signature)

Corporation Treasurer

(Title)

6/13/18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Christy Wann

Contact Phone Number: (765) 492-4033

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: The Food Service Director of North Vermillion Community School Corporation (NVCSC) will enter guidelines into Harmony and the ECA Treasurer will review and initial. The Food Service Director will prepare the School Food Authority Verification Collection report and the ECA Treasurer will review and initial.

Claims reimbursements are prepared by Kitchen Managers and the Food Service Director will review and signoff prior to submission. Verification of applications is done by the ECA Treasurer who also signs off on the back of the application along with the concurring reviewer as well. This process is done annually.

Paid Lunch Equity will be performed by the Food Service Director and will be reviewed by the Superintendent.

Anticipated Completion Date: Immediate and ongoing.

Shelly Harrison

(Signature)

Corporation Treasurer

(Title)

6/13/18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-003

Contact Person Responsible for Corrective Action: Dan Nelson, Christy Wann
Contact Phone Number: (765) 492-5101

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: NVCSC will document the use of a review/oversight of disbursements from program funds prior to payment. Kitchen Managers will approve claims for payment which will be submitted to the ECA Treasurer for payment. Claims will be prepared by the ECA Treasurer and then processed by the Treasurer. Each individual will initial or sign showing approval of disbursements.

NVCSC will monitor lunch fund monthly cash balances (net cash resources) to assure that three months' average expenditures are in compliance with Cash Management requirements. Monthly balances are currently reviewed by the Superintendent and will tracked using a spreadsheet. This spreadsheet will be shared with Kitchen Managers and the ECA Treasurer to verify accuracy which will be indicated by the initialing of the financial documentations on a quarterly basis.

Anticipated Completion Date: Training of above named personnel will take place at the beginning of the 2018-19 school year and financial will commence immediately thereafter.



(Signature)

Superintendent

(Title)

6-13-18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Person Responsible for Corrective Action: Michele Harrison
Contact Phone Number: (765) 492-5101

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: NVCSC will investigate and contract services with an agency to complete a Fixed Asset Inventory. Once completed the inventory will be provided to the requisite buildings and departments, with a master copy located in Central Office.

Personnel will be instructed on the use of updating and removing property from the Fixed Asset Inventory as new property is purchased or decommissioned.

Anticipated Completion Date: Quotes will be sought through August 31, 2018 with an inventory to be completed by October 31, 2018.

Michele Harrison

(Signature)

Corporation Treasurer

(Title)

6/13/18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-005

Contact Person Responsible for Corrective Action: Michele Harrison

Contact Phone Number: (765) 492-5101

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: NVCSC will assure that internal controls are in place to ensure that purchasing methods used to comply with procurement procedures or with applicable state and local requirements. The school corporation will award bids and enter contracts as approved by the School Board. The school corporation will maintain documentation of any procedures performed to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

The school corporation will obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500 and document the rationale for the method of procurement.

Anticipated Completion Date: Procedures will begin immediately and will be ongoing .

Michele Harrison

(Signature)

Corporation Treasurer

(Title)

6/13/18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-006

Contact Person Responsible for Corrective Action: Christy Wann

Contact Phone Number: (765) 492-4033

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: NVCSC established a Prepaid Food Fund on June 30, 2016. The Food Service Director creates a negative balance of prepaid money report and a positive balance of prepaid money report. The total is the balance of the Prepaid Food Fund after the portion of prepaid money has been transferred to the Cafeteria Fund.

The Food Director determines how much prepaid food fund money is used by the Harmony income Report and will monitor it on a monthly basis to assure program income matches meals served.

Anticipated Completion Date: Ongoing.

Michael Harrison

(Signature)

Corporation Treasurer

(Title)

6/13/18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-007

Contact Person Responsible for Corrective Action: Dan Nelson

Contact Phone Number: (765) 492-5101

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: The NVCSC will establish an effective internal control system as related to grants and reporting. The superintendent will complete the Maintenance of Effort for Special Education Part B Grant calculation each year. The Treasurer will be a second check of this process and will initial verifying the information has been double checked.


Anticipated Completion Date: July 1, 2018



(Signature)



(Title)



(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-008

Contact Person Responsible for Corrective Action: Michele Harrison

Contact Phone Number: (765) 492-5101

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: The NVCSC will establish an effective internal control system as related to grants and reporting. The Treasurer will prepare and complete the payroll and employee benefit distributions. The Superintendent will be a second check of this process and will initial verifying the benefits and withholdings have been posted to the correct account line.

Anticipated Completion Date: July 1, 2018

Michele Harrison

(Signature)

Corporation Treasurer

(Title)

6/13/18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-009

Contact Person Responsible for Corrective Action: Dan Nelson

Contact Phone Number: (765) 492-5101

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: NVCSC will assure that internal controls are in place to ensure that contracted services comply with procurement procedures or with applicable state and local requirements. The school corporation will award bids and enter contracts as approved by the School Board. The school corporation will maintain documentation of any procedures performed to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

The school corporation will obtain price or rate quotes from an adequate number of sources for micro-purchases, small-purchases, and those that exceed simplified acquisition. Additionally, the school corporation is in the process of updating all board policies, and especially those related to purchasing and contracted services.

Anticipated Completion Date: July 1, 2018



(Signature)

Superintendent

(Title)

6-13-18

(Date)

North Vermillion Community School Corporation

5551 North Falcon Drive, Cayuga, IN 47928

Office: 765-492-4033 Fax: 765-492-7001

Daniel A. Nelson
Superintendent

Shelly Harrison
Treasurer

Debra Harding
Admin Assistant

CORRECTIVE ACTION PLAN

FINDING 2016-010

Contact Person Responsible for Corrective Action: Brian Byrum, Jayne Ann Virostko
Contact Phone Number: (765) 492-4033

Views of Responsible Official: We concur with this finding.

Description of Corrective Action Plan: NVCSC administrators will ensure that when the Disciplinary and Termination reports are run in Harmony by the Director of Technology, that they will review the data before submission to the Department of Education. Proof of this will be recorded through the use of administrator sign off on the report.

Anticipated Completion Date: June 30, 2018



(Signature)

Superintendent

(Title)

6-13-18

(Date)

OTHER REPORTS

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