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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ORLEANS COMMUNITY SCHOOLS
ORANGE COUNTY, INDIANA

July 1, 2014 to June 30, 2016

FILED
07/06/2018

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Theresa Robbins	01-01-14 to 12-31-18
Superintendent of Schools	Gary McClintic	01-01-14 to 12-31-18
President of the School Board	David Henderson	01-01-14 to 12-31-14
	Jon Stalker	01-01-15 to 12-31-16
	Barry Bishop	01-01-17 to 12-31-17
	David Henderson	01-01-18 to 12-31-18

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ORLEANS COMMUNITY SCHOOLS, ORANGE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 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
Paul D. Joyce, CPA
State Examiner

May 29, 2018

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

TO: THE OFFICIALS OF THE ORLEANS COMMUNITY SCHOOLS, ORANGE 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 Orleans Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated May 29, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exists that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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
Paul D. Joyce, CPA
State Examiner

May 29, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	$ 1,616,574	$ 5,464,602	$ 5,415,514	$ 2,039	$ 1,667,701	$ 5,415,732	$ 5,294,207	$ 2,747	$ 1,791,973
Debt Service	556,682	771,880	905,741	-	422,821	952,358	1,125,500	200,000	449,679
Retirement/Severance Bond Debt Service	204,482	284,654	303,640	-	185,496	310,477	305,890	-	190,083
Capital Projects	327,017	714,180	519,511	(75,000)	446,686	742,627	458,445	(200,000)	530,868
School Transportation	349,029	404,363	382,494	(75,000)	295,898	389,236	403,934	-	281,200
School Bus Replacement	75,669	53,978	45,182	-	84,465	46,428	-	-	130,893
Rainy Day	72,357	-	191,613	150,000	30,744	12,343	164,777	200,000	78,310
Retirement/Severance Bond	252,842	54,656	89,933	-	217,565	55,289	75,245	-	197,609
Construction	-	-	63,695	400,000	336,305	-	212,807	-	123,498
School Lunch	200,204	364,337	401,424	-	163,117	444,336	443,512	1,354	165,295
Textbook Rental	69,103	103,918	53,129	-	119,892	157,962	277,854	-	-
Levy Excess	-	89	-	-	89	-	-	-	89
Educational License Plates	94	19	-	-	113	-	-	-	113
SAFE School Haven	-	7,456	7,456	-	-	2,694	2,694	-	-
Safe Haven 2013-2014	-	-	-	-	-	10,567	10,567	-	-
Donation Fund 2015 PLTW	-	2,000	2,000	-	-	-	-	-	-
Riverboat Casino	270,662	258,224	211,259	-	317,627	277,115	-	(200,000)	394,742
High Ability Grant / 13-14	-	-	-	-	-	28,257	28,257	-	-
High Ability Grant / 14-15	-	27,076	27,076	-	-	-	-	-	-
Secured Schools Safety Grant 2014	(6,787)	27,132	20,345	-	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	137	-	-	-	137	-	-	-	137
School Technology	15,503	16,539	10,865	-	21,177	9,524	12,298	-	18,403
Performance Based Awards	-	-	-	-	-	7,627	7,627	-	-
Title I 2015-2016	-	-	-	-	-	211,532	232,728	-	(21,196)
Title I 2013-2014	(15,327)	64,369	49,042	-	-	-	-	-	-
Title I 2014-2015	-	169,944	187,499	-	(17,555)	57,034	39,479	-	-
Title I 2014-2015 SIG	-	4,000	4,000	-	-	17,000	17,000	-	-
Title II (Part A) 2014-2016	-	15,254	18,027	-	(2,773)	20,801	18,028	-	-
Title II (Part A) 2015-2017	-	-	-	-	-	11,210	18,216	-	(7,006)
Title II (Part A) 2013-2015	(2,751)	20,631	17,880	-	-	-	-	-	-
Rural/ L-I Sch Grant 13-15	-	3,814	3,814	-	-	12,425	12,425	-	-
Rural/ L-I Sch Grant 14-16	-	-	-	-	-	-	5,623	-	(5,623)
Payroll Withholdings	52	1,477,797	1,477,759	-	90	1,453,185	1,452,226	-	1,049
Totals	$ 3,985,542	$ 10,310,912	$ 10,408,898	$ 402,039	$ 4,289,595	$ 10,645,759	$ 10,619,339	$ 4,101	$ 4,320,116

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

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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.

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash at June 30, 2015 and 2016. This is a result of the funds being set up for reimbursable grants. The cash deficits arose from disbursements exceeding receipts due to timing delays in reimbursements being received from the grantors. These deficits are to be repaid from future grant reimbursement receipts.

Note 8. Holding Corporations

The School Corporation has entered into capital leases with Orleans 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 for the school years ended June 30, 2015 and 2016, totaled $773,000 and $781,500, respectively.

The School Corporation has entered into capital leases with Orleans Elementary 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 for the school years ended June 30, 2015 and 2016, totaled $344,000 and $344,000, respectively.

Note 9. Subsequent Events

The School Corporation entered into an energy savings contract, which involves a solar project starting in the fall of 2017 with a total project cost of $2,450,124.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	$ 1,616,574	$ 556,682	$ 204,482	$ 327,017	$ 349,029	$ 75,669	$ 72,357	$ 252,842	$ -
Receipts:									
Local sources	58,458	688,547	284,654	714,180	404,363	53,978	-	54,656	-
Intermediate sources	7	83,333	-	-	-	-	-	-	-
State sources	5,406,137	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	5,464,602	771,880	284,654	714,180	404,363	53,978	-	54,656	-
Disbursements:									
Instruction	4,000,169	-	-	-	-	-	13,584	64,498	-
Support services	1,307,539	-	-	342,321	382,494	45,182	178,029	25,435	-
Noninstructional services	107,806	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	177,190	-	-	-	-	63,695
Debt service	-	905,741	303,640	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,415,514	905,741	303,640	519,511	382,494	45,182	191,613	89,933	63,695
Excess (deficiency) of receipts over disbursements	49,088	(133,861)	(18,986)	194,669	21,869	8,796	(191,613)	(35,277)	(63,695)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	400,000
Sale of capital assets	2,039	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	150,000	-	-
Transfers out	-	-	-	(75,000)	(75,000)	-	-	-	-
Total other financing sources (uses)	2,039	-	-	(75,000)	(75,000)	-	150,000	-	400,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	51,127	(133,861)	(18,986)	119,669	(53,131)	8,796	(41,613)	(35,277)	336,305
Cash and investments - ending	$ 1,667,701	$ 422,821	$ 185,496	$ 446,686	$ 295,898	$ 84,465	$ 30,744	$ 217,565	$ 336,305

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

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Safe Haven 2013-2014	Donation Fund 2015 PLTW	Riverboat Casino	High Ability Grant / 13-14
Cash and investments - beginning	$ 200,204	$ 69,103	$ -	$ 94	$ -	$ -	$ -	$ 270,662	$ -
Receipts:									
Local sources	125,564	70,235	89	-	-	-	2,000	-	-
Intermediate sources	-	-	-	19	-	-	-	258,224	-
State sources	3,507	33,683	-	-	7,456	-	-	-	-
Federal sources	235,266	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	364,337	103,918	89	19	7,456	-	2,000	258,224	-
Disbursements:									
Instruction	10,142	-	-	-	7,456	-	-	-	-
Support services	142	53,129	-	-	-	-	2,000	-	-
Noninstructional services	364,922	-	-	-	-	-	-	-	-
Facilities acquisition and construction	26,218	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	211,259	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	401,424	53,129	-	-	7,456	-	2,000	211,259	-
Excess (deficiency) of receipts over disbursements	(37,087)	50,789	89	19	-	-	-	46,965	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	125,607	-	-	-	-	-	-	-
Transfers out	-	(125,607)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,087)	50,789	89	19	-	-	-	46,965	-
Cash and investments - ending	$ 163,117	$ 119,892	$ 89	$ 113	$ -	$ -	$ -	$ 317,627	$ -

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

	High Ability Grant / 14-15	Secured Schools Safety Grant 2014	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Title I 2015-2016	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	$ -	$ (6,787)	$ 137	$ 15,503	$ -	$ -	$ (15,327)	$ -
Receipts:								
Local sources	-	-	-	12,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	27,076	27,132	-	4,539	-	-	-	-
Federal sources	-	-	-	-	-	-	64,369	169,944
Other receipts	-	-	-	-	-	-	-	-
Total receipts	27,076	27,132	-	16,539	-	-	64,369	169,944
Disbursements:								
Instruction	27,076	-	-	10,154	-	-	47,712	183,824
Support services	-	-	-	711	-	-	-	3,675
Noninstructional services	-	-	-	-	-	-	1,330	-
Facilities acquisition and construction	-	20,345	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	27,076	20,345	-	10,865	-	-	49,042	187,499
Excess (deficiency) of receipts over disbursements	-	6,787	-	5,674	-	-	15,327	(17,555)
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	-	6,787	-	5,674	-	-	15,327	(17,555)
Cash and investments - ending	$ -	$ -	$ 137	$ 21,177	$ -	$ -	$ -	$ (17,555)

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

	Title I 2014-2015 SIG	Title II (Part A) 2014-2016	Title II (Part A) 2015-2017	Title II (Part A) 2013-2015	Rural/ L-I Sch Grant 13-15	Rural/ L-I Sch Grant 14-16	Payroll Withholdings	Totals
Cash and investments - beginning	$ -	$ -	$ -	$ (2,751)	$ -	$ -	$ 52	$ 3,985,542
Receipts:								
Local sources	-	-	-	-	-	-	-	2,468,724
Intermediate sources	-	-	-	-	-	-	-	341,583
State sources	-	-	-	-	-	-	-	5,509,530
Federal sources	4,000	15,254	-	20,631	3,814	-	-	513,278
Other receipts	-	-	-	-	-	-	1,477,797	1,477,797
Total receipts	4,000	15,254	-	20,631	3,814	-	1,477,797	10,310,912
Disbursements:								
Instruction	-	18,027	-	17,880	2,714	-	-	4,403,236
Support services	4,000	-	-	-	1,100	-	-	2,345,757
Noninstructional services	-	-	-	-	-	-	-	474,058
Facilities acquisition and construction	-	-	-	-	-	-	-	287,448
Debt service	-	-	-	-	-	-	-	1,420,640
Nonprogrammed charges	-	-	-	-	-	-	1,477,759	1,477,759
Total disbursements	4,000	18,027	-	17,880	3,814	-	1,477,759	10,408,898
Excess (deficiency) of receipts over disbursements	-	(2,773)	-	2,751	-	-	38	(97,986)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	400,000
Sale of capital assets	-	-	-	-	-	-	-	2,039
Transfers in	-	-	-	-	-	-	-	275,607
Transfers out	-	-	-	-	-	-	-	(275,607)
Total other financing sources (uses)	-	-	-	-	-	-	-	402,039
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,773)	-	2,751	-	-	38	304,053
Cash and investments - ending	$ -	$ (2,773)	$ -	$ -	$ -	$ -	$ 90	$ 4,289,595

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	$ 1,667,701	$ 422,821	$ 185,496	$ 446,686	$ 295,898	$ 84,465	$ 30,744	$ 217,565	$ 336,305
Receipts:									
Local sources	82,924	869,025	310,477	742,627	389,236	46,428	12,343	55,289	-
Intermediate sources	567	83,333	-	-	-	-	-	-	-
State sources	5,328,359	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	3,882	-	-	-	-	-	-	-	-
Total receipts	5,415,732	952,358	310,477	742,627	389,236	46,428	12,343	55,289	-
Disbursements:									
Instruction	3,884,770	-	-	-	-	-	12,042	46,416	-
Support services	1,277,008	-	-	335,690	403,157	-	152,735	28,829	-
Noninstructional services	106,360	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	122,755	777	-	-	-	212,807
Debt service	-	1,125,500	305,890	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	26,069	-	-	-	-	-	-	-	-
Total disbursements	5,294,207	1,125,500	305,890	458,445	403,934	-	164,777	75,245	212,807
Excess (deficiency) of receipts over disbursements	121,525	(173,142)	4,587	284,182	(14,698)	46,428	(152,434)	(19,956)	(212,807)
Other financing sources (uses):									
Sale of capital assets	2,747	-	-	-	-	-	-	-	-
Transfers in	-	200,000	-	-	-	-	200,000	-	-
Transfers out	-	-	-	(200,000)	-	-	-	-	-
Total other financing sources (uses)	2,747	200,000	-	(200,000)	-	-	200,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	124,272	26,858	4,587	84,182	(14,698)	46,428	47,566	(19,956)	(212,807)
Cash and investments - ending	$ 1,791,973	$ 449,679	$ 190,083	$ 530,868	$ 281,200	$ 130,893	$ 78,310	$ 197,609	$ 123,498

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

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Safe Haven 2013-2014	Donation Fund 2015 PLTW	Riverboat Casino	High Ability Grant / 13-14
Cash and investments - beginning	$ 163,117	$ 119,892	$ 89	$ 113	$ -	$ -	$ -	$ 317,627	$ -
Receipts:									
Local sources	136,925	99,190	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	277,115	-
State sources	3,409	32,703	-	-	2,694	10,567	-	-	28,257
Federal sources	304,002	-	-	-	-	-	-	-	-
Interfund loans	-	26,069	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	444,336	157,962	-	-	2,694	10,567	-	277,115	28,257
Disbursements:									
Instruction	-	-	-	-	2,694	10,567	-	-	28,257
Support services	291	277,854	-	-	-	-	-	-	-
Noninstructional services	373,617	-	-	-	-	-	-	-	-
Facilities acquisition and construction	69,604	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	443,512	277,854	-	-	2,694	10,567	-	-	28,257
Excess (deficiency) of receipts over disbursements	824	(119,892)	-	-	-	-	-	277,115	-
Other financing sources (uses):									
Sale of capital assets	1,354	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(200,000)	-
Total other financing sources (uses)	1,354	-	-	-	-	-	-	(200,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,178	(119,892)	-	-	-	-	-	77,115	-
Cash and investments - ending	$ 165,295	$ -	$ 89	$ 113	$ -	$ -	$ -	$ 394,742	$ -

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

	High Ability Grant / 14-15	Secured Schools Safety Grant 2014	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Title I 2015-2016	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	$ -	$ -	$ 137	$ 21,177	$ -	$ -	$ -	$ (17,555)
Receipts:								
Local sources	-	-	-	5,120	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	4,404	7,627	-	-	-
Federal sources	-	-	-	-	-	211,532	-	57,034
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	9,524	7,627	211,532	-	57,034
Disbursements:								
Instruction	-	-	-	10,447	7,627	225,905	-	37,928
Support services	-	-	-	1,851	-	4,400	-	-
Noninstructional services	-	-	-	-	-	2,423	-	1,551
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	12,298	7,627	232,728	-	39,479
Excess (deficiency) of receipts over disbursements	-	-	-	(2,774)	-	(21,196)	-	17,555
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(2,774)	-	(21,196)	-	17,555
Cash and investments - ending	$ -	$ -	$ 137	$ 18,403	$ -	$ (21,196)	$ -	$ -

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

	Title I 2014-2015 SIG	Title II (Part A) 2014-2016	Title II (Part A) 2015-2017	Title II (Part A) 2013-2015	Rural/ L-I Sch Grant 13-15	Rural/ L-I Sch Grant 14-16	Payroll Withholdings	Totals
Cash and investments - beginning	$ -	$ (2,773)	$ -	$ -	$ -	$ -	$ 90	$ 4,289,595
Receipts:								
Local sources	-	-	-	-	-	-	-	2,749,584
Intermediate sources	-	-	-	-	-	-	-	361,015
State sources	-	-	-	-	-	-	-	5,418,020
Federal sources	17,000	20,801	11,210	-	12,425	-	-	634,004
Interfund loans	-	-	-	-	-	-	-	26,069
Other receipts	-	-	-	-	-	-	1,453,185	1,457,067
Total receipts	17,000	20,801	11,210	-	12,425	-	1,453,185	10,645,759
Disbursements:								
Instruction	-	18,028	18,216	-	10,950	3,048	-	4,316,895
Support services	17,000	-	-	-	1,475	2,575	-	2,502,865
Noninstructional services	-	-	-	-	-	-	-	483,951
Facilities acquisition and construction	-	-	-	-	-	-	-	405,943
Debt service	-	-	-	-	-	-	-	1,431,390
Nonprogrammed charges	-	-	-	-	-	-	1,452,226	1,452,226
Interfund loans	-	-	-	-	-	-	-	26,069
Total disbursements	17,000	18,028	18,216	-	12,425	5,623	1,452,226	10,619,339
Excess (deficiency) of receipts over disbursements	-	2,773	(7,006)	-	-	(5,623)	959	26,420
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	4,101
Transfers in	-	-	-	-	-	-	-	400,000
Transfers out	-	-	-	-	-	-	-	(400,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	4,101
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,773	(7,006)	-	-	(5,623)	959	30,521
Cash and investments - ending	$ -	$ -	$ (7,006)	$ -	$ -	$ (5,623)	$ 1,049	$ 4,320,116

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	$ 31,580	$ -

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Orleans Elementary School Building Corporation	2014 Refinancing Bond Lease - Elementary Facilities Improvements and Equipment	$ 44,000	1/1/2015	1/15/2026
Orleans Elementary School Building Corporation	2011 QZAB Lease - Elementary School Improvements	256,000	6/30/2011	6/30/2018
Orleans Community School Building Corporation	2007 QZAB Lease - School Improvements	115,425	7/15/2008	1/15/2023
Orleans Community School Building Corporation	2009 Refunding Bonds - High School Improvements	350,000	1/15/2010	7/15/2020
Orleans Community School Building Corporation	2016 Refunding Bonds - School Improvements	312,575	4/7/2016	1/15/2031
Total of annual lease payments		$ 1,078,000		

Description of Debt			
Type	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
General obligation bonds	Purpose being refunding 2003 pension bonds	$ 2,315,000	$ 88,000
Totals		$ 2,315,000	$ 88,000

ORLEANS COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	$ 204,082
Buildings	11,551,244
Improvements other than buildings	87,250
Machinery, equipment, and vehicles	975,292
Total governmental activities	12,817,868
Total capital assets	$ 12,817,868

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE ORLEANS COMMUNITY SCHOOLS, ORANGE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, and 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, 2016-003, and 2016-004 to be material weaknesses.

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

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

May 29, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

ORLEANS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education						
School Breakfast Program		10.553	FY 2014-15	$ -	$ 55,017	$ -	$ -
School Breakfast Program		10.553	FY 2015-16	-	-	-	67,123
Total - School Breakfast Program				-	55,017	-	67,123
National School Lunch Program	Indiana Department of Education						
National School Lunch Program		10.555	FY 2014-15	-	167,861	-	-
National School Lunch Program - Commodities		10.555	FY 2014-15	-	31,915	-	-
National School Lunch Program		10.555	FY 2015-16	-	-	-	205,435
National School Lunch Program - Commodities		10.555	FY 2015-16	-	-	-	30,437
Total - National School Lunch Program				-	199,776	-	235,872
Special Milk Program for Children	Indiana Department of Education						
Special Milk Program for Children		10.556	FY 2015-16	-	-	-	125
Summer Food Service Program for Children	Indiana Department of Edcuation						
Summer Food Service Program for Children		10.559	FY 2014-15	-	12,387	-	-
Summer Food Service Program for Children		10.559	FY 2015-16	-	-	-	11,319
Total - Summer Food Service Program for Children				-	12,387	-	11,319
Total - Child Nutrition Cluster				-	267,180	-	314,439
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education						
National School Lunch Program Equipment Grant		10.579	A58-6-16SS-0091	-	-	-	20,000
Total - Department of Agriculture				-	267,180	-	334,439
Department of Education							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education						
FY 2013 Federal Part B 611 Grant		84.027	14213-049-PN01	-	30,674	-	-
FY 2014 Federal Part B 611 Grant		84.027	14214-049-PN01	-	43,726	-	31,756
FY 2015 Federal Part B 611 Grant		84.027	14215-049-PN01	-	99,824	-	48,993
FY 2016 Federal Part B 611 Grant		84.027	14216-049-PN01	-	-	-	94,752
FY 2014 Federal Technical Assistance Grant		84.027	99914-049-TA01	-	4,097	-	34
Total - Special Education_Grants to States				-	178,321	-	175,535

ORLEANS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education_Preschool Grants	Indiana Department of Education						
FY 2013 Federal Part B 619 Grant		84.173	45713-049-PN01	-	189	-	-
FY 2014 Federal Part B 619 Grant		84.173	45714-049-PN01	-	957	-	-
FY 2015 Federal Preschool 619 Grant		84.173	45715-049-PN01	-	2,120	-	1,386
FY 2016 Federal Preschool 619 Grant		84.173	45716-049-PN01	-	-	-	1,785
Total - Special Education_Preschool Grants				-	3,266	-	3,171
Total - Special Education Cluster (IDEA)				-	181,587	-	178,706
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2013-2014		84.010	14-6145	-	64,369	-	-
Title I 2014-2015		84.010	15-6145	-	169,944	-	57,034
Title I 2015-2016		84.010	16-6145	-	-	-	211,532
Title I 2014-2015 School Improvement Grant		84.010	2014-2015	-	4,000	-	17,000
Total - Title I Grants to Local Educational Agencies				-	238,313	-	285,566
Rural Education	Indiana Department of Education						
Rural/L-I Sch Grant/13-15		84.358	13-6145	-	3,814	-	12,425
Total - Rural Education				-	3,814	-	12,425
Improving Teacher Quality State Grants	Indiana Department of Education						
Title II (Pt.A) 2013-2015		84.367	13-6145	-	20,631	-	-
Title II (Pt.A) 2014-2016		84.367	14-6145	-	15,254	-	20,801
Title II (Pt.A) 2015-2017		84.367	S367A150013	-	-	-	11,210
Total - Improving Teacher Quality State Grants				-	35,885	-	32,011
Total - Department of Education				-	459,599	-	508,708
Total federal awards expended				$ -	$ 726,779	$ -	$ 843,147

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

ORLEANS COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Orange-Lawrence-Jackson-Martin-Greene Joint Services Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

ORLEANS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
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?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
84.010	Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reported.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-001

Subject: School Breakfast Program, National School Lunch Program - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-15, FY 2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matter

Repeat Finding

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

Condition

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the School Lunch fund cash balance (net cash resources) did not exceed three months average expenditures.

The School Corporation did not comply with the Cash Management requirement that they limit its net cash resources to three months average expenditures.

Context

The lack of controls was an issue until October 2015 when the School Corporation implemented a procedure where the Treasurer prepared a spreadsheet comparing the school lunch balances to the three month average expenditures. The noncompliance was a systemic issue throughout the audit period. The net cash resources in the School Lunch fund exceeded three months average expenditures in all 24 months during the audit period. No written plan was prepared or approved by Indiana Department of Education to allow for a balance greater than the three month average expenditures.

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(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 month average expenditure for its nonprofit school food service of 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 and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

FINDING 2016-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-15, FY 2015-16
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

The School Corporation had not established effective controls to ensure proper procurement methods were selected prior to purchasing goods.

The School Corporation did not have documented procurement procedures as required by 2 CFR 200.318.

The School Corporation had four vendors who met the requirements for the small purchase method for which no quotes were obtained.

Suspension and Debarment

The School Corporation did not have any policies or procedures in place to ensure that those vendors that were not contracted through a third-party purchasing service were not suspended or debarred from participation in federal award programs.

The School Corporation participated in a service center for some of its food service purchasing. The service center checked for compliance with suspension and debarment requirements for the vendors used by its members. The School Corporation did not obtain documentation that contracted vendors had not been suspended or debarred.

Context

The lack of controls was a systemic issue throughout the audit period. Documentation was not obtained to support compliance with the procurement requirements of the Procurement and Suspension and Debarment compliance requirement for only the 2016 fiscal year. Documentation also was not obtained to support compliance with the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement for both fiscal years.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(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 whom you intend to do business is not excluded or disqualified.

You do this by:

(a) Checking the SAM Exclusions; or

(b) Collecting a certification from that person; or

(c) Adding a clause or condition to the covered transaction with that person."

Cause

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

Views of Responsible Officials

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

FINDING 2016-003

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-15, FY 2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-004.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The Annual Financial Reports and School Food Authority (SFA) Verification Collection Reports were prepared by one individual without an oversight, review, or approval process.

Context

The lack of internal controls over the Reporting compliance requirement was a systemic problem for the audit period for the Annual Financial Reports and for the 2015 fiscal year for the School Food Authority (SFA) Verification Collection Report. During the 2016 fiscal year, the School Corporation implemented the control that one employee completed the verification process and another completed the School Food Authority (SFA) Verification Collection Report.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed a system of internal controls that would have segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with the Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2016-004

Subject: Title I Grants to Local Educational Agencies - Special Tests
and Provisions - Participation of Private School Children
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-6145, 15-6145
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Participation of Private School Children
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

Management of the School Corporation had not established an effective internal control system over the Special Tests and Provisions - Participation of Private School Children compliance requirement for the 2015 fiscal year.

The School Corporation did not conduct consultations with private school officials to determine the kind of educational services to provide to eligible private school children regarding Title I Grants to Local Educational Agencies requirements for the 2015 fiscal year.

Context

The School Corporation did not conduct consultations for the 2015 fiscal year with the one private school located within the School Corporation boundaries. The School Corporation's management corrected this issue for the 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. . . ."

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

"To ensure timely and meaningful consultation, a State educational agency, local educational agency, educational service agency, consortium of those agencies, or entity shall consult with appropriate private school officials. Such agency and private school officials shall both have the goal of reaching agreement on how to provide equitable and effective programs for eligible private school children, on issues such as—

(A) how the children's needs will be identified;

(B) what services will be offered;

(C) how, where, and by whom the services will be provided;

(D) how the services will be assessed and how the results of the assessment will be used to improve those services; and

(E) the size and scope of the equitable services to be provided to the eligible private school children, teachers, and other educational personnel, the amount of funds available for those services, and how that amount is determined;

(F) how and when the agency, consortium, or entity will make decisions about the delivery of services, including a thorough consideration and analysis of the views of the private school officials on the provision of services through potential third-party providers; . . ."

Cause

Management of the School Corporation had not developed a system of internal control that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Participation of Private School Children 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.

AUDITEE-PREPARED DOCUMENTS

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

ORLEANS COMMUNITY SCHOOLS
OFFICE OF THE SUPERINTENDENT

Gary McClintic, Superintendent
Theresa Robbins, Treasurer
Bridget Knight, Deputy
Louise Mason, Secretary

173 W. Marley Street - Orleans, IN 47452
(812) 865-2688
www.orleans.k12.in.us

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 - CASH MANAGEMENT

Fiscal Year In Which The Finding Initially Occurred: 2012-2014
Pass-Through Entity, If Pass-Through Or Federal Grantor Agency, If Direct: Indiana Department of Education
Contact Person Responsible For Corrective Action: Theresa Robbins
Contact Phone Number: (812)865-2688

Status of Audit Finding: The treasurer developed an excel spreadsheet to maintain a running three-month average. This spreadsheet is used to monitor where the balance is at compared to the three-month average. This spreadsheet is included with the monthly financials which are given to the school board. In addition, costs have been reviewed to see if they are applicable to the cafeteria. If they have been found to be applicable and there is a way to calculate what percentage is used for the cafeteria, the treasurer is asking the cafeteria to pay for their portion of the cost. One example of this would be worker's compensation insurance.

Anticipated Completion Date: Ongoing. Monitoring began in 2015 and is now continuous.

FINDING 2014-004 - REPORTING

Fiscal Year In Which The Finding Initially Occurred: 2012-2014
Pass-Through Entity, If Pass-Through Or Federal Grantor Agency, If Direct: Indiana Department of Education
Contact Person Responsible For Corrective Action: Carol Steward
Contact Phone Number: (812)865-2688

Status of Audit Finding: Regarding the annual financial report, the elementary ECA treasurer has the principal sign this report. Regarding the Z reports, the elementary ECA treasurer now signs and dates the first page of this monthly report. Regarding the verification reports related to free and reduced, the cafeteria secretary sends out the letters and the cafeteria manager completes the report online.

Anticipated Completion Date: Fall of 2015 (Implementation of Z reports and verification reports) & Fall of 2016 (Implementation of annual financial reports)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

FINDING 2014-005 - ALLOWABLE COSTS

Fiscal Year In Which The Finding Initially Occurred: 2012-2014
Pass-Through Entity, If Pass-Through Or Federal Grantor Agency, If Direct: Indiana Department of Education
Contact Person Responsible For Corrective Action: Carol Steward
Contact Phone Number: (812)865-2688

Status of Audit Finding: Timecards for cafeteria employees are submitted to the deputy treasurer for payroll purposes. Included on these timecards is the distribution number for cafeteria.

Anticipated Completion Date: Fall of 2015

FINDING 2014-006 - SPECIAL TEST AND PROVISION – PARTICIPATION OF PRIVATE SCHOOL CHILDREN

Fiscal Year In Which The Finding Initially Occurred: 2012-2014
Pass-Through Entity, If Pass-Through Or Federal Grantor Agency, If Direct: Indiana Department of Education
Contact Person Responsible For Corrective Action: James Ellis
Contact Phone Number: (812)865-2688

Status of Audit Finding: The elementary principal is sending a certified letter to the one private school in our district which invites them to attend a meeting on a specified date. This meeting will include a presentation on the Title I program and the services available to the private school students. This is being completed on an annual basis in July or August.

Anticipated Completion Date: Fall of 2015

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

FINDING 2014-007 - REPORTING

Fiscal Year In Which The Finding Initially Occurred: 2012-2014
Pass-Through Entity, If Pass-Through Or Federal Grantor Agency, If Direct: Indiana Department of Education
Contact Person Responsible For Corrective Action: Theresa Robbins
Contact Phone Number: (812)865-2688

Status of Audit Finding: The superintendent is reviewing the Title I reimbursement and final reports. Once he has reviewed, he signs on the report. He also, in addition to the treasurer, receives the email notification from the DOE when these reports have been filed online.

Anticipated Completion Date: Fall of 2015

Signature

Superintendent
Title

5/17/18
Date

ORLEANS COMMUNITY SCHOOLS
OFFICE OF THE SUPERINTENDENT

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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible For Corrective Action: Theresa Robbins
Contact Phone Number: (812)865-2688

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: In November 2015, the treasurer developed an excel spreadsheet to maintain a running three-month average. This spreadsheet is used to monitor where the balance is at compared to the three-month average. This spreadsheet is included with the monthly financials, which are given to the school board on a routine basis. In addition, costs have been reviewed to see if they are applicable to the cafeteria. If they have been found to be applicable and there is a way to calculate what percentage is used for the cafeteria, the treasurer is asking the cafeteria to pay for their portion of the cost. One example of this would be worker's compensation insurance. The treasurer is also planning to speak with the cafeteria manager and the ECA treasurer to develop a written plan. This written plan will detail strategies to undertake in order to reduce net cash resources.

Anticipated Completion Date: Ongoing and Continuous

FINDING 2016-002

Contact Person Responsible For Corrective Action: Dorothy Dorsett
Contact Phone Number: (812)865-2688

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The cafeteria manager needs to directly contact the DOE for specific guidelines in regards to the procurement process and its documentation needs. The cafeteria manager should begin to document the rationale for vendor choice in writing (in regards to non-contracted vendors). For contracted vendors, the cafeteria manager should request a copy of their bid. The cafeteria manager needs to begin collecting documentation for the suspension and debarment compliance requirement. This should be completed, at a minimum, on an annual basis at the beginning of each school year. For non-contracted vendors, the cafeteria manager should check the SAM exclusions and document that this has been completed. For contracted vendors, the cafeteria manager should request a copy of their contract, which should contain language pertaining to suspension and debarment.

Anticipated Completion Date: Summer of 2018

ORLEANS COMMUNITY SCHOOLS
OFFICE OF THE SUPERINTENDENT

Gary McClintic, Superintendent
Theresa Robbins, Treasurer
Bridget Knight, Deputy
Louise Mason, Secretary

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"Commitment to Excellence"

CORRECTIVE ACTION PLAN (Continued)

FINDING 2016-003

Contact Person Responsible For Corrective Action: Carol Steward
Contact Phone Number: (812)865-2688

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Regarding the annual financial report, the elementary ECA treasurer has the principal sign this report. Regarding the Z reports, the elementary ECA treasurer now signs and dates the first page of this monthly report. Regarding the verification reports related to free and reduced, the cafeteria secretary sends out the letters and the cafeteria manager completes the report online.

Anticipated Completion Date: Fall of 2015 (Implementation of Z reports and verification reports) & Fall of 2016 (Implementation of annual financial reports)

FINDING 2016-004

Contact Person Responsible For Corrective Action: James Ellis
Contact Phone Number: (812)865-2688

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The elementary principal is sending a certified letter to the one private school in our district which invites them to attend a meeting on a specified date. This meeting will include a presentation on the Title I program and the services available to the private school students. This is being completed on an annual basis in July or August for the upcoming school year.

Anticipated Completion Date: Fall of 2015

Signature

Superintendent
Title

5-29-18
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/.