

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WHITE RIVER VALLEY SCHOOL DISTRICT  
GREENE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
07/31/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jayne Kaho	07-01-14 to 06-30-19
Superintendent of Schools	Dr. Robert M. Hacker	07-01-14 to 06-30-19
President of the School Board	Jason Davidson David Reed	01-01-14 to 12-31-16 01-01-17 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WHITE RIVER VALLEY SCHOOL  
DISTRICT, GREENE COUNTY, INDIANA

**Report on the Financial Statement**

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

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 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 26, 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 WHITE RIVER VALLEY SCHOOL  
DISTRICT, GREENE 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 White River Valley School District (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 26, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

**White River Valley 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 26, 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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WHITE RIVER VALLEY SCHOOL DISTRICT  
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	\$ 142,864	\$ 5,166,679	\$ 5,599,806	\$ 300,000	\$ 9,737	\$ 5,095,912	\$ 4,981,882	\$ (120,000)	\$ 3,767
Referendum Tax Levy	-	848,359	149,587	(457,000)	241,772	1,508,363	814,293	127,000	1,062,842
Debt Service	256,142	134,640	171,753	-	219,029	153,091	167,418	-	204,702
Retirement/Severance Bond Debt Service	129,322	329,971	301,841	-	157,452	282,254	278,536	-	161,170
Capital Projects	613,062	1,034,597	903,757	(250,000)	493,902	1,056,776	1,144,792	(150,000)	255,886
School Transportation	364,454	677,107	574,940	(149,300)	317,321	712,199	582,692	(100,000)	346,828
School Bus Replacement	75,043	-	-	-	75,043	-	-	-	75,043
Rainy Day	745,864	75,000	-	550,000	1,370,864	-	50,221	250,000	1,570,643
School Lunch	15,444	418,592	440,291	7,000	745	337,808	403,594	(7,000)	(72,041)
Textbook Rental	81,598	89,204	56,964	100	113,938	86,063	136,447	-	63,554
Repair and Replacement	58,736	-	9,600	-	49,136	96,785	10,300	-	135,621
Child Care Program	8,055	34,690	33,136	-	9,609	20,230	25,830	-	4,009
Educational License Plates	521	319	-	-	840	38	-	-	878
Rowe Fund	173	-	-	-	173	-	-	-	173
Powers Trip Fund	919	-	-	-	919	-	-	-	919
Philanthropic	451	-	-	-	451	-	-	-	451
Elementary Tobacco Cessation	50	-	-	-	50	-	-	-	50
Adult and Continuing Education	5,350	12,617	11,793	-	6,174	11,732	14,903	-	3,003
Project Lead the Way	8,560	-	-	-	8,560	-	-	-	8,560
Instruction Support	(12,802)	27,964	32,947	-	(17,785)	28,545	34,102	-	(23,342)
Secured Schools Safety Grant	(8,970)	10,000	30,876	-	(29,846)	12,161	41,864	-	(59,549)
Non-English Speaking Programs	75	-	-	-	75	-	-	-	75
School Technology	17,677	3,669	6,279	-	15,067	6,564	17,347	-	4,284
Greene County Consortium	9,471	-	422	-	9,049	-	-	-	9,049
Career Fair	1,800	-	-	-	1,800	-	-	-	1,800
Student Council Grant Fund	1,000	-	-	-	1,000	-	-	-	1,000
Ireland Healthy Lifestyle	731	-	-	-	731	-	-	-	731
E Rate	63	30,047	25,222	-	4,888	27,888	33,654	-	(878)
Senator David Ford Technology	948	-	-	-	948	-	-	-	948
Contributions/Donations - Private Sources	-	20,000	2,000	-	18,000	10,000	20,400	-	7,600
Project Success	343	-	-	-	343	-	-	-	343
Title I	-	-	538	-	(538)	-	(538)	-	-
Title I 2013-2014	(743)	33,606	32,862	-	1	-	-	-	1
Title I 2014-2015	-	167,647	184,613	-	(16,966)	110,431	93,466	-	(1)
Title I 2015-2016	-	-	-	-	-	187,868	246,784	-	(58,916)
Serve America	2,272	-	-	-	2,272	-	-	-	2,272
Drug Free Schools	810	-	810	-	-	-	-	-	-
Vocational and Technology Board Grants	78	-	-	-	78	-	-	-	78
Enhanced Alternative Education Programs	(15,072)	16,323	1,352	-	(101)	-	26	-	(127)
Other Federal Programs	(3,024)	-	-	-	(3,024)	-	-	-	(3,024)
Improving Teacher Quality, No Child Left, Title II, Part A	(19,347)	49,005	34,850	-	(5,192)	37,937	57,591	-	(24,846)
ITQ, Enhanced Education Through Technology, Title II, Part D	(168)	-	-	-	(168)	-	-	-	(168)
Rural Schools Achievement	500	-	-	-	500	-	-	-	500
Rural Schools and Low Income Program - Pass Through State	(2,123)	16,076	13,953	-	-	16,648	24,498	-	(7,850)
Security Resource Officer	(2,821)	-	-	-	(2,821)	-	-	-	(2,821)
Special Education - Part B	40	-	-	-	40	-	-	-	40
Payroll Withholdings	63,570	1,806,702	1,831,112	-	39,160	1,638,162	1,652,927	-	24,396
<b>Totals</b>	<b>\$ 2,540,916</b>	<b>\$ 11,002,814</b>	<b>\$ 10,451,304</b>	<b>\$ 800</b>	<b>\$ 3,093,226</b>	<b>\$ 11,437,455</b>	<b>\$ 10,833,029</b>	<b>\$ -</b>	<b>\$ 3,697,653</b>

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

*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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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

WHITE RIVER VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Disbursements**

The financial statement contains some disbursements which appear as negative entries. This is a result of the correction of an error from the prior period. The error made in the prior period was corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016. The School Lunch fund has experienced declining receipts, resulting in a cash balance deficit at June 30, 2016.

**Note 9. Other Postemployment Benefit**

The School Corporation provides to eligible retirees the following benefit: \$3,000 life insurance policy. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding this benefit can be obtained by contacting the School Corporation.

#### 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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 142,864	\$ -	\$ 256,142	\$ 129,322	\$ 613,062	\$ 364,454	\$ 75,043	\$ 745,864	\$ 15,444	\$ 81,598
Receipts:										
Local sources	17,838	848,359	134,640	329,971	1,034,597	677,107	-	75,000	199,271	60,620
Intermediate sources	95	-	-	-	-	-	-	-	-	-
State sources	5,148,746	-	-	-	-	-	-	-	2,478	28,584
Federal sources	-	-	-	-	-	-	-	-	216,843	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	5,166,679	848,359	134,640	329,971	1,034,597	677,107	-	75,000	418,592	89,204
Disbursements:										
Instruction	3,804,038	-	-	-	-	1,855	-	-	-	56,964
Support services	1,642,626	46,858	11,753	-	502,278	561,085	-	-	75,674	-
Noninstructional services	153,142	-	-	-	-	-	-	-	364,617	-
Facilities acquisition and construction	-	102,729	-	-	401,479	12,000	-	-	-	-
Debt service	-	-	160,000	301,841	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,599,806	149,587	171,753	301,841	903,757	574,940	-	-	440,291	56,964
Excess (deficiency) of receipts over disbursements	(433,127)	698,772	(37,113)	28,130	130,840	102,167	-	75,000	(21,699)	32,240
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	700	-	-	-	100
Transfers in	450,000	-	-	-	-	-	-	550,000	157,000	-
Transfers out	(150,000)	(457,000)	-	-	(250,000)	(150,000)	-	-	(150,000)	-
Total other financing sources (uses)	300,000	(457,000)	-	-	(250,000)	(149,300)	-	550,000	7,000	100
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(133,127)	241,772	(37,113)	28,130	(119,160)	(47,133)	-	625,000	(14,699)	32,340
Cash and investments - ending	\$ 9,737	\$ 241,772	\$ 219,029	\$ 157,452	\$ 493,902	\$ 317,321	\$ 75,043	\$ 1,370,864	\$ 745	\$ 113,938

WHITE RIVER VALLEY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Repair and Replacement	Child Care Program	Educational License Plates	Rowe Fund	Powers Trip Fund	Philanthropic	Elementary Tobacco Cessation	Adult and Continuing Education	Project Lead the Way	Instruction Support
Cash and investments - beginning	\$ 58,736	\$ 8,055	\$ 521	\$ 173	\$ 919	\$ 451	\$ 50	\$ 5,350	\$ 8,560	\$ (12,802)
Receipts:										
Local sources	-	34,690	-	-	-	-	-	12,617	-	-
Intermediate sources	-	-	319	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	27,964
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	34,690	319	-	-	-	-	12,617	-	27,964
Disbursements:										
Instruction	-	33,136	-	-	-	-	-	11,793	-	32,947
Support services	9,600	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,600	33,136	-	-	-	-	-	11,793	-	32,947
Excess (deficiency) of receipts over disbursements	(9,600)	1,554	319	-	-	-	-	824	-	(4,983)
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	(9,600)	1,554	319	-	-	-	-	824	-	(4,983)
Cash and investments - ending	\$ 49,136	\$ 9,609	\$ 840	\$ 173	\$ 919	\$ 451	\$ 50	\$ 6,174	\$ 8,560	\$ (17,785)

WHITE RIVER VALLEY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Greene County Consortium	Career Fair	Student Council Grant Fund	Ireland Healthy Lifestyle	E Rate	Senator David Ford Technology	Contributions/ Donations - Private Sources
Cash and investments - beginning	\$ (8,970)	\$ 75	\$ 17,677	\$ 9,471	\$ 1,800	\$ 1,000	\$ 731	\$ 63	\$ 948	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	30,047	-	20,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	10,000	-	3,669	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	10,000	-	3,669	-	-	-	-	30,047	-	20,000
Disbursements:										
Instruction	-	-	-	422	-	-	-	-	-	-
Support services	30,876	-	6,279	-	-	-	-	25,222	-	2,000
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	30,876	-	6,279	422	-	-	-	25,222	-	2,000
Excess (deficiency) of receipts over disbursements	(20,876)	-	(2,610)	(422)	-	-	-	4,825	-	18,000
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,876)	-	(2,610)	(422)	-	-	-	4,825	-	18,000
Cash and investments - ending	\$ (29,846)	\$ 75	\$ 15,067	\$ 9,049	\$ 1,800	\$ 1,000	\$ 731	\$ 4,888	\$ 948	\$ 18,000

WHITE RIVER VALLEY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	Project Success	Title I	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Serve America	Drug Free Schools	Vocational and Technology Board Grants	Enhanced Alternative Education Programs
Cash and investments - beginning	\$ 343	\$ -	\$ (743)	\$ -	\$ -	\$ 2,272	\$ 810	\$ 78	\$ (15,072)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	16,323
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	33,606	167,647	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	33,606	167,647	-	-	-	-	16,323
Disbursements:									
Instruction	-	-	31,711	170,539	-	-	810	-	674
Support services	-	538	-	8,798	-	-	-	-	678
Noninstructional services	-	-	1,151	5,276	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	538	32,862	184,613	-	-	810	-	1,352
Excess (deficiency) of receipts over disbursements	-	(538)	744	(16,966)	-	-	(810)	-	14,971
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	-	(538)	744	(16,966)	-	-	(810)	-	14,971
Cash and investments - ending	\$ 343	\$ (538)	\$ 1	\$ (16,966)	\$ -	\$ 2,272	\$ -	\$ 78	\$ (101)

WHITE RIVER VALLEY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	Other Federal Programs	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program - Pass Through State	Security Resource Officer	Special Education - Part B	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (3,024)	\$ (19,347)	\$ (168)	\$ 500	\$ (2,123)	\$ (2,821)	\$ 40	\$ 63,570	\$ 2,540,916
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,491,080
Intermediate sources	-	-	-	-	-	-	-	-	414
State sources	-	-	-	-	-	-	-	-	5,221,441
Federal sources	-	49,005	-	-	16,076	-	-	-	483,177
Other receipts	-	-	-	-	-	-	-	1,806,702	1,806,702
Total receipts	-	49,005	-	-	16,076	-	-	1,806,702	11,002,814
Disbursements:									
Instruction	-	34,850	-	-	-	-	-	-	4,179,739
Support services	-	-	-	-	13,953	-	-	-	2,938,218
Noninstructional services	-	-	-	-	-	-	-	-	524,186
Facilities acquisition and construction	-	-	-	-	-	-	-	-	516,208
Debt service	-	-	-	-	-	-	-	-	461,841
Nonprogrammed charges	-	-	-	-	-	-	-	1,831,112	1,831,112
Total disbursements	-	34,850	-	-	13,953	-	-	1,831,112	10,451,304
Excess (deficiency) of receipts over disbursements	-	14,155	-	-	2,123	-	-	(24,410)	551,510
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	800
Transfers in	-	-	-	-	-	-	-	-	1,157,000
Transfers out	-	-	-	-	-	-	-	-	(1,157,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	800
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	14,155	-	-	2,123	-	-	(24,410)	552,310
Cash and investments - ending	\$ (3,024)	\$ (5,192)	\$ (168)	\$ 500	\$ -	\$ (2,821)	\$ 40	\$ 39,160	\$ 3,093,226

WHITE RIVER VALLEY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2016

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 9,737	\$ 241,772	\$ 219,029	\$ 157,452	\$ 493,902	\$ 317,321	\$ 75,043	\$ 1,370,864	\$ 745	\$ 113,938
Receipts:										
Local sources	28,087	1,508,363	153,091	282,254	1,056,776	712,199	-	-	118,437	53,280
Intermediate sources	379	-	-	-	-	-	-	-	-	-
State sources	5,067,446	-	-	-	-	-	-	-	2,933	32,783
Federal sources	-	-	-	-	-	-	-	-	216,438	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	5,095,912	1,508,363	153,091	282,254	1,056,776	712,199	-	-	337,808	86,063
Disbursements:										
Instruction	3,550,068	429,424	-	-	-	1,477	-	-	-	136,447
Support services	1,337,131	368,058	7,418	-	494,682	581,215	-	50,221	144	-
Noninstructional services	94,683	4,693	-	-	-	-	-	-	403,450	-
Facilities acquisition and construction	-	11,526	-	-	650,110	-	-	-	-	-
Debt service	-	592	160,000	278,536	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	4,981,882	814,293	167,418	278,536	1,144,792	582,692	-	50,221	403,594	136,447
Excess (deficiency) of receipts over disbursements	114,030	694,070	(14,327)	3,718	(88,016)	129,507	-	(50,221)	(65,786)	(50,384)
Other financing sources (uses):										
Transfers in	330,000	457,000	-	-	-	-	-	250,000	-	-
Transfers out	(450,000)	(330,000)	-	-	(150,000)	(100,000)	-	-	(7,000)	-
Total other financing sources (uses)	(120,000)	127,000	-	-	(150,000)	(100,000)	-	250,000	(7,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,970)	821,070	(14,327)	3,718	(238,016)	29,507	-	199,779	(72,786)	(50,384)
Cash and investments - ending	\$ 3,767	\$ 1,062,842	\$ 204,702	\$ 161,170	\$ 255,886	\$ 346,828	\$ 75,043	\$ 1,570,643	\$ (72,041)	\$ 63,554

WHITE RIVER VALLEY SCHOOL DISTRICT  
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 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2016

	Repair and Replacement	Child Care Program	Educational License Plates	Rowe Fund	Powers Trip Fund	Philanthropic	Elementary Tobacco Cessation	Adult and Continuing Education	Project Lead the Way	Instruction Support
Cash and investments - beginning	\$ 49,136	\$ 9,609	\$ 840	\$ 173	\$ 919	\$ 451	\$ 50	\$ 6,174	\$ 8,560	\$ (17,785)
Receipts:										
Local sources	64,725	20,230	-	-	-	-	-	11,732	-	-
Intermediate sources	-	-	38	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	28,545
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	32,060	-	-	-	-	-	-	-	-	-
Total receipts	96,785	20,230	38	-	-	-	-	11,732	-	28,545
Disbursements:										
Instruction	-	25,830	-	-	-	-	-	14,903	-	34,102
Support services	10,300	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,300	25,830	-	-	-	-	-	14,903	-	34,102
Excess (deficiency) of receipts over disbursements	86,485	(5,600)	38	-	-	-	-	(3,171)	-	(5,557)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	86,485	(5,600)	38	-	-	-	-	(3,171)	-	(5,557)
Cash and investments - ending	\$ 135,621	\$ 4,009	\$ 878	\$ 173	\$ 919	\$ 451	\$ 50	\$ 3,003	\$ 8,560	\$ (23,342)

WHITE RIVER VALLEY SCHOOL DISTRICT  
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 For the Year Ended June 30, 2016

	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Greene County Consortium	Career Fair	Student Council Grant Fund	Ireland Healthy Lifestyle	E Rate	Senator David Ford Technology	Contributions/ Donations - Private Sources
Cash and investments - beginning	\$ (29,846)	\$ 75	\$ 15,067	\$ 9,049	\$ 1,800	\$ 1,000	\$ 731	\$ 4,888	\$ 948	\$ 18,000
Receipts:										
Local sources	-	-	-	-	-	-	-	27,888	-	10,000
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	12,161	-	6,564	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	12,161	-	6,564	-	-	-	-	27,888	-	10,000
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	12,200
Support services	41,864	-	17,347	-	-	-	-	33,654	-	8,200
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	41,864	-	17,347	-	-	-	-	33,654	-	20,400
Excess (deficiency) of receipts over disbursements	(29,703)	-	(10,783)	-	-	-	-	(5,766)	-	(10,400)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29,703)	-	(10,783)	-	-	-	-	(5,766)	-	(10,400)
Cash and investments - ending	\$ (59,549)	\$ 75	\$ 4,284	\$ 9,049	\$ 1,800	\$ 1,000	\$ 731	\$ (878)	\$ 948	\$ 7,600

WHITE RIVER VALLEY SCHOOL DISTRICT  
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	Project Success	Title I	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Serve America	Drug Free Schools	Vocational and Technology Board Grants	Enhanced Alternative Education Programs
Cash and investments - beginning	\$ 343	\$ (538)	\$ 1	\$ (16,966)	\$ -	\$ 2,272	\$ -	\$ 78	\$ (101)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	110,431	187,868	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	110,431	187,868	-	-	-	-
Disbursements:									
Instruction	-	-	-	90,423	231,976	-	-	-	-
Support services	-	(538)	-	-	9,572	-	-	-	26
Noninstructional services	-	-	-	3,043	5,236	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	(538)	-	93,466	246,784	-	-	-	26
Excess (deficiency) of receipts over disbursements	-	538	-	16,965	(58,916)	-	-	-	(26)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	538	-	16,965	(58,916)	-	-	-	(26)
Cash and investments - ending	\$ 343	\$ -	\$ 1	\$ (1)	\$ (58,916)	\$ 2,272	\$ -	\$ 78	\$ (127)

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 For the Year Ended June 30, 2016

	Other Federal Programs	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Rural Schools Achievement	Rural Schools and Low Income Program - Pass Through State	Security Resource Officer	Special Education - Part B	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (3,024)	\$ (5,192)	\$ (168)	\$ 500	\$ -	\$ (2,821)	\$ 40	\$ 39,160	\$ 3,093,226
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,047,062
Intermediate sources	-	-	-	-	-	-	-	-	417
State sources	-	-	-	-	-	-	-	-	5,150,432
Federal sources	-	37,937	-	-	16,648	-	-	-	569,322
Other receipts	-	-	-	-	-	-	-	1,638,162	1,670,222
Total receipts	-	37,937	-	-	16,648	-	-	1,638,162	11,437,455
Disbursements:									
Instruction	-	57,491	-	-	-	-	-	-	4,584,341
Support services	-	100	-	-	24,498	-	-	-	2,983,892
Noninstructional services	-	-	-	-	-	-	-	-	511,105
Facilities acquisition and construction	-	-	-	-	-	-	-	-	661,636
Debt service	-	-	-	-	-	-	-	-	439,128
Nonprogrammed charges	-	-	-	-	-	-	-	1,652,927	1,652,927
Total disbursements	-	57,591	-	-	24,498	-	-	1,652,927	10,833,029
Excess (deficiency) of receipts over disbursements	-	(19,654)	-	-	(7,850)	-	-	(14,764)	604,427
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	1,037,000
Transfers out	-	-	-	-	-	-	-	-	(1,037,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(19,654)	-	-	(7,850)	-	-	(14,764)	604,427
Cash and investments - ending	\$ (3,024)	\$ (24,846)	\$ (168)	\$ 500	\$ (7,850)	\$ (2,821)	\$ 40	\$ 24,396	\$ 3,697,653

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 29,765</u>	<u>\$ 91,611</u>

WHITE RIVER VALLEY SCHOOL DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Hoosier Business Machines	Copier Lease	\$ 9,504	3/10/2016	3/10/2021
Total of annual lease payments		<u>\$ 9,504</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Retirement/Severance Bonds	\$ 1,175,000	\$ 301,825
General obligation bonds	Qualified School Construction Bonds	<u>1,315,000</u>	<u>158,102</u>
Total governmental activities		<u>2,490,000</u>	<u>459,927</u>
Totals		<u>\$ 2,490,000</u>	<u>\$ 459,927</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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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 WHITE RIVER VALLEY SCHOOL  
DISTRICT, GREENE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the White River Valley School District'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 Child Nutrition Cluster***

As described in items 2016-011 and 2016-013 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 Child Nutrition Cluster regarding Program Income and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). 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)

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

As described in item 2016-006 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Reporting, Cash Management, Period of Performance, and Eligibility. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

***Qualified Opinion on Child Nutrition Cluster***

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 Child Nutrition Cluster regarding Program Income and Special Tests and Provisions - Verification of Free and Reduced Price Meal Applications, described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

***Qualified Opinion on Title I Grants to Local Educational Agencies***

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 Title I Grants to Local Educational Agencies regarding Reporting, Cash Management, Period of Performance, and Eligibility, described in the *Basis for Qualified Opinion On Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2014 to June 30, 2016.

***Unmodified Opinion on the Other 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 its other major federal program 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 2016-002, 2016-003, 2016-005, 2016-007, 2016-008, 2016-009, and 2016-010. 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.

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

**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 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, 2016-011, 2016-012, and 2016-013 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

June 26, 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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2015	\$ -	\$ 70,366	\$ -	\$ -
School Breakfast Program			FY 2016	-	-	-	69,006
School Breakfast Program							
Total - School Breakfast Program				-	70,366	-	69,006
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2015	-	168,503	-	-
National School Lunch Program			FY 2016	-	-	-	169,764
School Lunch Commodities			FY2015	-	22,026	-	-
School Lunch Commodities			FY2016	-	-	-	22,332
Total - National School Lunch Program				-	190,529	-	192,096
Total - Child Nutrition Cluster				-	260,895	-	261,102
Total - Department of Agriculture				-	260,895	-	261,102
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Special Education Grant 2013	Indiana Department of Education	84.027	14213-24-PN01	-	707	-	-
Special Education Grant 2014			14214-24-PN01	-	77,051	-	581
Special Education Grant 2015			14215-24-PN01	-	126,374	-	42,261
Special Education Grant 2016			14216-24-PN01	-	-	-	161,288
Technical Assistance Special Education Grant			99914-24-PN01	-	-	-	1,166
Total - Special Education_Grants to States				-	204,132	-	205,296

WHITE RIVER VALLEY SCHOOL DISTRICT  
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						
Pre-School 13-14		84.173	45714-24-PN01	-	4,330	-	-
Pre-School 14-15			45715-24-PN01	-	3,334	-	5,768
Pre-School 15-16			45716-24-PN01	-	-	-	4,314
Total - Special Education_Preschool Grants				-	7,664	-	10,082
Total - Special Education Cluster (IDEA)				-	211,796	-	215,378
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2013-14		84.010	14-2980	-	33,606	-	-
Title I 2014-15			15-2980	-	167,647	-	110,431
Title I 2015-16			16-2980	-	-	-	187,868
Total - Title I Grants to Local Educational Agencies				-	201,253	-	298,299
Rural Education	Indiana Department of Education						
Rural & Low Income		84.358	13-2980	-	16,076	-	-
Rural & Low Income			14-2980	-	-	-	16,648
Total - Rural Education				-	16,076	-	16,648
Improving Teacher Quality State Grants	Indiana Department of Education						
Title II Part A		84.367	12-2980	-	28,573	-	-
Title II Part A			13-2980	-	20,432	-	12,334
Title II Part A			14-2980	-	-	-	25,603
Total - Improving Teacher Quality State Grants				-	49,005	-	37,937
Total - Department of Education				-	478,130	-	568,262
Total federal awards expended				\$ -	\$ 739,025	\$ -	\$ 829,364

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
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. Greene-Sullivan Special Education Cooperative**

The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some 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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
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 deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified as to Special Education Cluster (IDEA); Qualified as to Child Nutrition Cluster and Title I Grants to Local Education Agencies
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

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

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

**Section II - Financial Statement Findings**

**FINDING 2016-001**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-001.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

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

*Context*

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster was not reported. Program expenditures of \$260,895 and \$261,102 were not reported for fiscal years 2015 and 2016, respectively, resulting in a total understatement of \$521,997 for the programs.
2. The Special Education Cluster (IDEA) was not reported. Program expenditures of \$211,796 and \$215,378 were not reported for fiscal years 2015 and 2016, respectively, resulting in a total understatement of \$427,174 for the programs.
3. The program titles, pass-through entity, and identification numbers were incorrect for three programs.

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

*Criteria*

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

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

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

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

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*Cause*

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

*Effect*

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

*Recommendation*

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

*Views of Responsible Officials*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-002**

Subject: Title I Grants to Local Educational Agencies,  
 Child Nutrition Cluster - Procurement  
 Federal Agencies: Department of Education, Department of Agriculture  
 Federal Programs: Title I Grants to Local Educational Agencies, School  
 Breakfast Program, National School Lunch Program  
 CFDA Numbers: 84.010, 10.553, 10.555  
 Federal Award Numbers and Years (or Other Identifying Numbers): 14-2980, 15-2980, 16-2980,  
 FY 2015, FY 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.

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

The School Corporation did not comply with its purchasing policy requiring the purchasing agent (Superintendent of the School Corporation) to obtain three price quotations for purchases over \$10,000. The School Corporation did not obtain quotes when procuring goods from vendors when required. Quotes were not obtained for a Title I program purchase made from one vendor, which totaled \$12,488 during the 2015-2016 school year.

The School Corporation did not document the rationale for the method of procurement, especially when a noncompetitive proposal method was used.

The School Corporation's purchasing 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:

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

*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:

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.36(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.  
. . .

(9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.318 states in part:

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

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

White River Valley School District, Purchasing Policy states in part:

"6320 - PURCHASING

It is the policy of the Board that the Superintendent shall act as the purchasing agent for the Board.

**Purchases of Supplies**

For purposes of this policy 'supplies' means any personal property. The term includes equipment, goods, and materials. The term does not include an interest in real property. For purposes of this policy 'purchase' means buy, procure, rent, lease, or otherwise acquire.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The purchasing agent may make open market purchases of no more than \$50,000 for a single item or a group of similar items.

The purchasing agent must seek at least three (3) price quotations on purchases of more than \$10,000 but less than \$150,000 except in cases of emergency or where materials are of such nature that price quotations would not result in a savings to the School Corporation. . . ."

2 CFR 200.320 states in part:

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

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

*Cause*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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: Title I Grants to Local Educational Agencies - Activities  
Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-2980, 15-2980, 16-2980  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit regarding internal control over Allowable Costs/Cost Principles. 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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The School Corporation paid a portion of the Elementary School Principal's salary from the Title I Program each year for serving as the Title I Director. The Title I funds were paid to the Elementary School Principal in the form of a stipend, in addition to the contract with no addendum.

Per the Title I Fiscal Handbook 2014-2015 and 2015-2016, a principal cannot concurrently have the duties of a Title I Director. The amount of salary and benefits paid from the Title I Program in fiscal years 2015 and 2016 were \$8,797 and \$9,572, respectively. The total amount paid, \$18,369, was considered a questioned cost.

*Context*

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

*Criteria*

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

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(Continued)

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

2 CFR 200.403 states in part:

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

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

Title I Fiscal Handbooks 2014-2015 and 2015-2016 state in part:

**"PAYMENT FOR ADMINISTRATIVE SALARIES**

Salaries of superintendents, assistant superintendents, treasurers and 12 month/full-time principals and assistant principals are normally paid from general funds of the school corporation. Typically, these positions are covered by 12 month yearly contracts and cannot be reimbursed by Title I funds. Reimbursement for Title I services by these staff positions may be recouped by claiming Indirect Cost Expense based on the Indirect Cost Formula. The duties a principal takes on to serve as Title I Program Administrator may be additional to a principal's

WHITE RIVER VALLEY SCHOOL DISTRICT  
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(Continued)

responsibilities, however, this situation presents a programmatic issue because IDOE questions whether an individual performing the duties of a full-time principal can also effectively carry out Title I administrative duties such as SWP, School Improvement, Parent Involvement, Non-public School Consultation, and Evaluation of Programs. Many of these activities need to be carried out during the day. Principals may receive payment for Title I work if it is outside of their contract. . . .

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

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the School Corporation. A lack of oversight of allowable costs within an internal control system allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

The expenditures noted above for salary and benefits resulted in total questioned costs of \$18,369.

*Recommendation*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-004***

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

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants, Title I Grants to Local Educational Agencies

CFDA Numbers: 84.027, 84.173, 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-24-PN01, 14214-24-PN01, 14215-24-PN01, 14216-24-PN01, 99914-24-PN01, 45714-24-PN01, 45715-24-PN01, 45716-24-PN01, 14-2980, 15-2980, 16-2980

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Schoolwide Programs

Audit Finding: Material Weakness

*Condition*

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

A schoolwide plan was created and evaluated by the Title I Director; however, there was no evidence of oversight or approval to ensure the plan was in compliance with the schoolwide programs requirement.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
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(Continued)

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2016-005**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-2980, 15-2980, 16-2980  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Assessment System Security  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system to ensure compliance related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation was required to properly implement policies and procedures regarding the Special Tests and Provisions - Assessment System Security compliance requirement. The School Corporation did not keep the sign in sheets from the training or maintain Indiana Testing Security and Integrity Agreements (Agreements) for any individuals who administered, handled, or had access to secure test materials at the district or school level.

*Context*

The lack of controls were systemic, occurring throughout the audit period. Agreements were not retained for audit for either fiscal year.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed, . . ."

*Indiana Assessment Program Manual*, Chapter 10, Section 4, Part D states in part:

". . . Ensure all applicable school and corporation staff review and sign the *Indiana Testing Security and Integrity Agreement* annually by the end of September as described in the Code of Ethical Practices and Procedures . . . ."

White River Valley School District 2623.01 - Test Security Provisions for Statewide Assessments policy states in part:

"It is the intent of the Board that all staff comply with the requirements of the Indiana Department of Education (IDOE) regarding test security of the statewide assessments (ISTEP+). . . ."

The Junior-Senior High School Guidance Counselor is designated as the Corporation Test Coordinator (CTC). The CTC shall: . . .

D. following all procedures located in the testing manuals and those outlined by the IDOE;

E. ensure that all appropriate staff has knowledge of the Indiana Ethical Testing Practices and Procedures and understand the procedures to secure, administer, and handle assessment materials while in their possession. . . .

WHITE RIVER VALLEY SCHOOL DISTRICT  
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(Continued)

Each building principal is designated as the Building Test Coordinator (BTC). The BTC is responsible for security of assessment materials during the time the materials are in his/her school.

The BTC responsibilities include, but are not limited to, the following: . . .

- E. informing appropriate staff of Indiana Ethical Testing Practices and Procedures; . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Special Tests and Provisions - Assessment System Security 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: Title I Grants to Local Educational Agencies - Reporting,  
Cash Management, Period of Performance, and Eligibility  
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): 14-2980, 15-2980, 16-2980  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Reporting, Cash Management, Period  
of Performance, and Eligibility  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

The School Corporation's management had not established an effective internal control system related to the grant agreement and the Reporting, Cash Management, Period of Performance, and Eligibility compliance requirements.

*Reporting*

Supporting documentation for the Average Daily Membership (ADM) enrollment and poverty figures reported on the State Per Pupil Expenditure (SPPE) reports was not retained for audit for either fiscal year.

*Cash Management*

The Treasurer had the sole responsibility for preparing and submitting the Request for Reimbursement. There was no segregation of duties such as an oversight, review, or approval process to ensure the Request for Reimbursement were complete and accurate.

The Request for Reimbursement forms presented for audit were either inaccurate or missing for both audit years. Eleven Request for Reimbursements were submitted by the School Corporation during the audit period and tested 100 percent with seven exceptions; three Request for Reimbursements were not presented for audit and four of the Request for Reimbursements had inaccurate or no supporting documentation.

*Period of Performance*

Testing for the Period of Performance compliance requirement could not be performed due to the lack of accurate Request for Reimbursements and the lack of supporting documentation.

*Eligibility*

The Title I Director had the sole responsibility for preparing and submitting the grant applications. There was no segregation of duties such as an oversight, review, or approval process to ensure the applications were complete and accurate.

The supporting documentation for the eligibility summary included in the grant applications for the 2015 and 2016 fiscal years were not retained or presented for audit.

*Context*

This was a systemic problem, occurring throughout the entire 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. . . ."

WHITE RIVER VALLEY SCHOOL DISTRICT  
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(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.333 states in part:

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

*Cause*

The School Corporation's management had not developed a system of internal controls, including segregation of duties, that would have ensured that the School Corporation maintained and provided adequate supporting documentation relating to the Reporting, Cash Management, Period of Performance, and Eligibility compliance requirements.

*Effect*

The failure to maintain and provide adequate supporting documentation prevented the determination of the School Corporation's compliance with the Reporting, Cash Management, Period of Performance, and Eligibility compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that adequate documentation will be maintained for audit relating to the Reporting, Cash Management, Period of Performance, and Eligibility compliance requirements.

*Views of Responsible Officials*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-007***

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): 14213-24-PN01, 14214-24-PN01,  
14215-24-PN01, 14216-24-PN01,  
99914-24-PN01, 45714-24-PN01,  
45715-24-PN01, 45716-24-PN01  
  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit regarding internal controls over reporting. The prior audit finding number was 2014-002.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The School Corporation had not implemented an oversight, review, or approval process to ensure the reports submitted were accurate.

The School Corporation did not maintain supporting documentation for the required Child Count reports submitted to the Indiana Department of Education in both years of the audit period.

*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 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). . . ."

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 80.20 states in part:

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

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

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

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

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

2 CFR 200.302(b) states in part:

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

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

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*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. 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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2016-008**

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

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-24-PN01, 14215-24-PN01,  
14216-24-PN01, 99914-24-PN01,  
45715-24-PN01, 45716-24-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation was a member school corporation of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grants. There was no oversight of the Cooperative by the School Corporation. Each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The School Corporation had not established an internal control system to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. The School Corporation failed to keep the necessary documentation relating to time and effort reporting. For those employees that were paid entirely from the special education program, the School Corporation did not complete Semi-Annual Certifications.

*Context*

There were no Semi-Annual Certifications completed during the audit period.

*Criteria*

OMB Circular A-87, Attachment B, Section 8h(3) states:

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.430(i) states in part:

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

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

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*

Management had not developed a system of internal controls that would have ensured the School Corporation complied with the Allowable Costs/Cost Principles compliance requirement relating to time and effort reporting.

*Effect*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
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 and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

**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): 14214-24-PN01, 14215-24-PN01,  
14216-24-PN01, 99914-24-PN01,  
45715-24-PN01, 45716-22-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation was a member school corporation of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation was ultimately responsible for ensuring compliance with the requirements.

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

The School Corporation did not have procedures in place to verify that vendors were not suspended or debarred or otherwise excluded from or ineligible to participate in a federal assistance program prior to entering into a contract with them.

*Context*

The Cooperative did not verify that vendors were not suspended or debarred prior to awarding the contracts with 100 percent of applicable vendors for the entire audit period.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

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

2 CFR section 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over 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*

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the procurement and suspension and debarment requirements.

*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.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the procurement and suspension and debarment requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2016-010**

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 Years (or Other Identifying Numbers): 14213-24-PN01, 14214-24-PN01,  
14215-24-PN01, 14216-24-PN01,  
99914-24-PN01, 45714-24-PN01,  
45715-24-PN01, 45716-24-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

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

*Condition*

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. The School Corporation was responsible for maintaining documentation for level of effort reported in the application.

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Level of Effort - Maintenance of Effort compliance requirement.

The School Corporation did not comply with the Level of Effort - Maintenance of Effort (MOE) compliance requirement. The MOE calculation portion of the grant applications, "16 MOE Calculator" and "17 MOE Calculator," did not agree to the financial information and the child count documentation presented for audit. The amounts reported for MOE were not supported by the School Corporation's records.

*Context*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20 states in part:

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

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

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

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant . . ."

2 CFR 200.302(b) states in part:

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

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

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 299.5(a) states:

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

*Cause*

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Level of Effort 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 related to the grant agreement and the Level of Effort 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 2016-011**

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): FY 2015, FY 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

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

There were no procedures established to ensure that the receipts of the Child Nutrition Cluster programs were handled properly in accordance with the Program Income compliance requirement.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation established a single fund, the School Lunch fund, to account for all activity of the food service programs. The School Corporation also maintained individual accounts for students who prepaid for meals. When prepaid funds were received, they were receipted into the School Lunch fund as revenue, with no distinction between the prepaid accounts and the program income generated from the food service programs.

*Context*

The lack of controls was a systemic problem throughout the audit period. The School Corporation's procedures for recording revenues in the School Lunch fund prevented the ability to determine whether the School Corporation was in compliance with the Program Income compliance requirement.

*Criteria*

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

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

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 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7 states in part:

"(e) 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; . . ."

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 Administrator and Uniform Compliance Guidelines, Volume 183)

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured program income was properly identified.

*Effect*

The failure to establish a system of internal controls that would have ensured that program income was properly identified prevented the determination of the School Corporation's compliance with the Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure program income will be properly identified.

*Views of Responsible Officials*

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

**FINDING 2016-012**

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

*Condition*

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

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cash Management*

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 in compliance with cash management requirements. There was no oversight, review, or monitoring of the cash balances (net cash resources).

*Reporting*

Monthly Sponsor Claims (claims for reimbursement), Annual Financial Reports, and School Food Authority (SFA) Verification Collection Reports were completed by one individual without the oversight or review by another individual.

*Context*

The lack of properly designed and implemented controls occurred throughout the entire audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not established and implemented an effective system of internal controls that would have ensured compliance with the grant agreement and the Cash Management and Reporting 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 Cash Management and Reporting compliance requirements.

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management and Reporting 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 2016-013**

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015, FY 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation to ensure that verification of free and reduced price applications was completed and that the supporting documentation of the verification process was retained and available for audit. There was no segregation of duties, such as an oversight, review, or approval process.

The School Food Authority (SFA) Verification Collection Reports for the audit period indicated that three applications were to be verified each year; however, documentation supporting the review process and the verification activities was not available for audit. Additionally, documentation indicating what actions were taken as a result of the verifications was not available.

*Context*

It could not be determined whether the verification process was correctly performed for either year of 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. . . ."

WHITE RIVER VALLEY SCHOOL DISTRICT  
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). . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

- (4) Currently approved and denied certification documentation for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title; . . ."

7 CFR 3016.20(b)(2) states:

"*Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

7 CFR 3016.42 states in part:

"(a) *Applicability.*

- (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:
  - (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
  - (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement. . . .

(b) *Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years. . . "

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."

WHITE RIVER VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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*

Management of the School Corporation had not developed a system of internal controls that would have ensured that verification of free and reduced price applications was completed and that the supporting documentation of the verification process was retained and available for audit.

*Effect*

The failure to establish a system of internal controls prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls over the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement and implement procedures that would ensure that records will be retained and available for audit.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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

# WHITE RIVER VALLEY SCHOOL DISTRICT

"Home of the Wolverines"

Mr. Robert M. Hacker, Superintendent  
Mrs. Jayne Kaho, Treasurer  
Mrs. Michelle Emmons, Payroll

5644 West State Road 54  
PO Box 1470  
Switz City, Indiana 47465

Board of Education  
Mr. David Reed, President  
Mr. Joe Decker, VP  
Mr. Andy Davis, Secretary  
Mr. Jason Davidson  
Mr. Brock Hostetter  
Mr. Roger Shake  
Mr. Bruce Porter

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **Finding 2014-0002**

Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Jayne Kaho, WRV Treasurer  
Contact Phone Number: 812-659-1424 Opt 5; Opt 2

Status of Audit Finding: In Process

The SuperinContact Person Responsible for Corrective Action: Jayne Kaho, WRV Treasurer  
Contact Phone Number: 812-659-1424 Opt 5; Opt 2

Status of Audit Finding: In Process

The Superintendent, as Board Member of Greene-Sullivan Special Education Co-op, attends Co-op board meetings monthly and is responsible for oversight of cash management, reporting, approving expenditures and period of availability..

Anticipated date of completion: Starting in Fiscal Year 2016-17

### **Finding 2014-003**

Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Jayne Kaho, WRV Treasurer  
Contact Phone Number: 812-659-1424 Opt 5; Opt 2

Status of Audit Finding: In Process

The corporation treasurer and superintendent are working on a system of internal control that establishes a checks and balances over monetary and enrollment numbers ADM amounts that shall include the treasurer of the Greene-Sullivan Special Education-Co-operative.

Anticipated date of completion: Fiscal Year 2017-18

**Finding 2014-004**

Federal Agency: Department of Education

Contact Person Responsible for Corrective Action: Jayne Kaho, WRV Treasurer

Contact Phone Number: 812-659-1424 Opt 5; Opt 2

Status of Audit Finding: In Process

The Title I grant supervisor applies for the grant and builds the budget. She also gives a list of employees to the payroll clerk to be paid by Title I funds. She fills out P O's to spend other Title I funds. The treasurer will submit requests for reimbursement and will submit the final expenditure report. The verification for reimbursement will be reviewed by the superintendent before submission. The reimbursements and final expenditure reports will have the supervisor's and superintendent's signatures kept on file in the treasurer's office.

Anticipated date of completion: Fiscal Year 2017-18

# WHITE RIVER VALLEY SCHOOL DISTRICT

"Home of the Wolverines"

Mr. Robert M. Hacker, Superintendent  
Mrs. Jayne Kaho, Treasurer  
Mrs. Michelle Emmons, Payroll

5644 West State Road 54  
PO Box 1470  
Swift City, Indiana 47465

Board of Education  
Mr. David Reed, President  
Mr. Joe Dacker, VP  
Mr. Andy Davis, Secretary  
Mr. Jason Davidson  
Mr. Brock Hostetter  
Mr. Roger Shaka  
Mr. Bruce Porter

## CORRECTIVE ACTION PLAN

### **FINDING 2016-001**

Contact Person Responsible for Corrective Action: Jayne Kaho  
Contact Phone Number: 812 659-1424

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Audit adjustments were proposed by SBOA and the adjustments were made to SEFA.

The Corporation continues to obtain information to properly identify, appropriately track, and report Federal Grants. CFDA numbers are being listed on fund numbers in our financial software. Further education through local school treasurer meetings, online and written publications, IASBO and SBOA training workshops will continue to be pursued as a means to bring accuracy to SEFA reporting. The Corporation Treasurer will also work with the Corporation Superintendent to establish an internal control for reviewing and approving the financial data before it is submitted formally for the corporation

Anticipated Completion Date: August 2018

### **FINDING 2016-002**

Contact Person Responsible for Corrective Action: Jill Staggs, Title I Administrator  
Contact Phone Number : 812-875-3839

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

School Corporation management will establish controls to ensure compliance and will comply with the procurement compliance requirement. The school corporation's procurement policy will be reviewed by administration. An individual will obtain quotes for large purchases and a second individual will sign off on the quotes and the quotes will be kept on file as documentation.

Anticipated Completion Date: July 2018

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: Jill Staggs, Title I Administrator

Contact Phone Number: 812-875-3839

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

School corporation management will improve internal controls to ensure compliance with the grant agreement and the compliance requirement for Allowable Costs/Cost Principles and Allowable and Unallowable Activities. Title I director of Principal will sign all Title I employees Time Sheets and ensure Time and Effort Logs are completed and filed for split funded staff members.

Anticipated Completion Date: Fiscal Year 2017-18

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Jill Staggs, Title I Administrator

Contact Phone Number: 812-875-3839

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Schoolwide Plan was created and evaluated by the Title I Director and the Superintendent will sign off on the Plan and to be kept on file by the Title I Director.

Anticipated Completion Date: Fiscal Year 2017-18

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Jill Staggs, Title I Administrator  
Contact Phone Number: 812-875-3839

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

School Corporation management will improve internal controls to ensure compliance with the grant agreement and the compliance requirement for Special Tests and Provisions - Assessment System Security. School Corporation management will retain proper documentation to prove compliance.

Anticipated Completion Date: July 2018

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: Jill Staggs, Title I Administrator  
Contact Phone Number: 812-875-3839

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

School Corporation management will improve internal controls to ensure compliance with the grant agreement and the compliance requirement areas of Reporting, Cash Management, Period of Performance, and Eligibility. Title I Director or Principal will ensure Time and Effort Logs are completed and filed for split funded staff members. School Management will retain supporting documentation of ADM and poverty figures for the State Per Pupil Expenditure Report.

Anticipated Completion Date: July 2018

**FINDING 2016-007**

Contact Person Responsible for Corrective Action: Jayne Kaho, Treasurer  
Contact Phone Number: 812-659-1424

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

School Corporation management will work with Greene-Sullivan Special Ed Co-op to maintain child count reports and establish internal controls. The Superintendent will review and approve the reports for accuracy.

Anticipated Completion Date: July 2018

**FINDING 2016-008**

Contact Person Responsible for Corrective Action: Jayne Kaho, Treasurer  
Contact Phone Number: 812-659-1424

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

School Corporation and Greene-Sullivan Special Ed Co-op has established internal controls to ensure compliance with allowable Costs/Cost Principles. Greene-Sullivan has established the necessary documentation for time and effort reporting including names. The reporting will be shared with school corporation.

Anticipated Completion Date: July 2018

**FINDING 2016-009**

Contact Person Responsible for Corrective Action: Jayne Kaho, Treasurer  
Contact Phone Number: 812-659-1424

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

School Corporation will work with the Greene-Sullivan Special Ed Co-op to establish internal controls that will ensure the Co-op is in compliance with the Procurement, Suspension and Debarment requirement concerning the approval of contracts only after verifying the vendors were not suspended or debarred.

Anticipated Completion Date: July 2018

**FINDING 2016-010**

Contact Person Responsible for Corrective Action: Jayne Kaho, Treasurer  
Contact Phone Number: 812-659-1424

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The School Corporation treasurer will work with the person responsible for filing special education reports with the state, to establish a segregation of duties with regards to Matching, Level of Effort, and Earmarking. Maintenance of Effort supporting documentation will be obtained and retained to substantiate the state and local expenditures and student counts. The information will then be submitted to the Superintendent for review and approval prior to submission to the Greene-Sullivan Special Ed Co-op.

Anticipated Completion Date: July 2018

**FINDING 2016-011**

Contact Person Responsible for Corrective Action: Jayne Kaho, Renee Wiggington  
Contact Phone Number: 812-659-1424

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Lunch money receipts will be deposited into Fund 8400. The Food Service Coordinator will give the Corporation Treasurer the amount of receipts each month that should be transferred from Fund 8400 to Fund 800, by compiling data on daily line reports of the amount to be transferred out of the prepaid lunch monies.

Anticipated Completion Date: Effective immediately.

**FINDING 2016-012**

Contact Person Responsible for Corrective Action: Jayne Kaho, Renee Wiggington  
Contact Phone Number: 812-659-1424

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:  
Cash Management:

Reporting:

The School Corporation's management will establish controls related to the grant agreement and the Cash Management requirement.

Monthly Reporting Claims (reimbursement claims) and School Food Authority Verification Collection Reports will be prepared by the Food Service Coordinator and reviewed by the Corporation Treasurer or Superintendent before submitting the claim to the DOE. The Annual Financial Report will be prepared by the Corporation Treasurer and Food Service Coordinator and reviewed by the Superintendent before submitting it to the DOE.

Anticipated Completion Date: Effective Immediately

**FINDING 2016-013**

Contact Person Responsible for Corrective Action: Renee Wiggington  
Contact Phone Number: 812-659-2274

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The ECA Treasurer at each building will process the Free & Reduced Lunch Applications for his/her building. The Food Service Coordinator will review the applications for errors and verify the required applications. Applications that are pulled for verification will be retained separately from the non-verified applications, and all correspondence with the household pertaining to verification will be filed and recorded with the application.

Anticipated Completion Date: Corrected in 2017

Jayne A. Kaho  
(Signature)  
Corporation Treasurer  
(Title)

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## OTHER REPORTS

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