

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CULVER COMMUNITY SCHOOL CORPORATION
MARSHALL COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
08/09/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Casey Howard	07-01-15 to 06-30-19
Superintendent of Schools	Dr. Vicki McGuire Charles I. Kitchell (interim) Karen Shuman	07-01-15 to 12-21-15 12-22-15 to 06-30-17 07-01-17 to 06-30-20
President of the School Board	Ken VanDePutte James M. Wentzel Mark Maes Jack L. Jones	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CULVER COMMUNITY SCHOOL
CORPORATION, MARSHALL COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 12, 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

July 12, 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 CULVER COMMUNITY SCHOOL
CORPORATION, MARSHALL 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 Culver Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated July 12, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002.

Culver Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 12, 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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CULVER COMMUNITY SCHOOLS CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		
General	\$ 310,823	\$ 5,626,827	\$ 5,506,257	\$ -	\$ 431,393	\$ 5,338,076	\$ 5,350,568	\$ -	\$ 418,901
Debt Service	936,533	1,933,797	1,679,970	-	1,190,360	1,699,227	1,685,853	-	1,203,734
Retirement/Severance Bond Debt Service	131,799	334,598	138,159	-	328,238	269,439	272,859	(150,788)	174,030
Capital Projects	426,612	969,949	888,169	-	508,392	1,146,403	988,932	(227,466)	438,397
School Transportation	658,780	930,884	593,897	(249,739)	746,028	762,264	583,464	(200,000)	724,828
School Bus Replacement	254,308	240,683	261,965	-	233,026	236,960	232,776	-	237,210
Rainy Day	939,429	46,768	613,652	250,000	622,545	-	-	650,788	1,273,333
Retirement/Severance Bond	526,638	-	42,314	-	484,324	-	27,367	-	456,957
Construction 2015	-	98,169	98,169	-	-	-	-	-	-
School Lunch	171,695	482,447	532,250	-	121,892	467,043	460,112	-	128,823
Textbook Rental	185,859	97,621	180,658	-	102,822	88,678	117,570	-	73,930
Self-Insurance	45,282	65,794	83,978	-	27,098	49,585	75,221	-	1,462
Levy Excess	261	-	-	(261)	-	-	-	-	-
Joint Services and Supply - Area Vocational School	-	-	-	-	-	-	-	-	-
Educational License Plates	690	75	763	-	2	75	-	-	77
Alternate Education Grant 15	-	5,557	5,557	-	-	7,990	7,990	-	-
Lily Endowment Compr Counseling	-	-	-	-	-	20,000	3,150	-	16,850
Donations, Gifts & Trust	-	7,540	6,602	-	938	21,386	20,926	-	1,398
Miscellaneous Programs	1,794	500	500	-	1,794	-	-	-	1,794
Project Lead Way - Donations	50,250	3,000	51,302	-	1,948	-	1,948	-	-
High Ability Grant 2014-2015	6,189	-	6,189	-	-	-	-	-	-
High Ability Grant 2015-2016	-	28,692	23,639	-	5,053	-	5,053	-	-
High Ability Grant SY 16-17	-	-	-	-	-	28,250	24,595	-	3,655
Formative Assessment	-	-	-	-	-	9,281	9,281	-	-
Adult and Continuing Education	3,930	-	-	-	3,930	-	-	-	3,930
Medicaid Reimbursement	7,310	12,766	-	-	20,076	20,899	-	-	40,975
Secured Schools Safety Grant	-	-	-	-	-	-	-	-	-
Recreational Activities	-	-	-	-	-	-	-	-	-
Welfare Activities	-	-	-	-	-	-	-	-	-
School Technology	8,833	5,694	13,825	-	702	6,819	13,539	-	(6,018)
Career and Technical Performance Grant	-	-	-	-	-	6,284	-	-	6,284
Performance Based Awards	9,560	39,510	40,353	-	8,717	14,360	14,354	-	8,723
Title I 2014-2015	(52,666)	74,785	21,625	-	494	-	-	-	494
Title I 2015-2016	-	174,302	192,491	-	(18,189)	21,194	3,005	-	-
Title I 2016-2017	-	-	-	-	-	184,439	206,932	-	(22,493)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	-	-	-	-
Special Education 611 Grant 2014-2015	(54,391)	96,919	42,528	-	-	-	-	-	-
Special Ed 611 Grant 15-16	-	266,456	291,797	-	(25,341)	60,756	35,415	-	-
Special Ed 619 Grant 15-16	-	-	8,713	-	(8,713)	8,713	-	-	-
Special Ed 619 Grant 14-15	-	8,746	8,746	-	-	-	-	-	-
Special Education, Part B, 611 Technical Assistance Grant	(622)	4,522	3,900	-	-	-	-	-	-
Special Ed Part B 611 16-17	-	-	-	-	-	174,435	199,355	-	(24,920)
Special Ed Part B 619 FY 2017	-	-	-	-	-	-	7,708	-	(7,708)
Tobacco Education Grant	1,738	-	-	-	1,738	-	-	-	1,738
Arrow Head Country Resource Co	-	-	-	-	-	1,116	1,116	-	-
Carl Perkins Grant 2013-2014	(36,318)	-	(36,318)	-	-	-	-	-	-
Medicaid Reimbursement - Federal	16,080	35,177	1,330	-	49,927	50,623	1,630	-	98,920
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	-	-	-
Title II Part A FY 14	-	140	140	-	-	-	-	-	-
Title II Part A FY 15	-	40,313	40,313	-	-	-	-	-	-
Title II Part A FY 16	-	-	-	-	-	40,000	40,000	-	-
Payroll Clearing	32,496	1,474,394	1,518,461	-	(11,571)	1,337,521	1,325,354	-	596
Prepaid Meals Clearing	-	6,313	-	-	6,313	141,933	142,962	-	5,284
Totals	\$ 4,582,892	\$ 13,112,938	\$ 12,861,894	\$ -	\$ 4,833,936	\$ 12,213,749	\$ 11,859,035	\$ 72,534	\$ 5,261,184

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

CULVER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CULVER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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.

CULVER COMMUNITY SCHOOL CORPORATION
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.

CULVER COMMUNITY SCHOOL CORPORATION
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

CULVER COMMUNITY SCHOOL CORPORATION
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 correcting an error from prior year grant reimbursement related to the Carl Perkins Grant 2013-2014.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants and the employer portion of health insurance not transferred to the Self-Insurance fund prior to fiscal year end. The reimbursements for grant expenditures made by the School Corporation were not received by June 30, 2016 and 2017.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with Culver School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$1,398,000 and \$1,394,500, respectively.

CULVER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Other Postemployment Benefits

The School Corporation provides health and vision insurance to eligible retirees and their spouses. The eligible retiree must pay the cost of the benefits until age 65. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation 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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction 2015
Cash and investments - beginning	\$ 310,823	\$ 936,533	\$ 131,799	\$ 426,612	\$ 658,780	\$ 254,308	\$ 939,429	\$ 526,638	\$ -
Receipts:									
Local sources	96,908	1,933,797	334,598	969,949	930,884	240,683	46,768	-	98,169
Intermediate sources	162	-	-	-	-	-	-	-	-
State sources	5,488,654	-	-	-	-	-	-	-	-
Federal sources	41,103	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	5,626,827	1,933,797	334,598	969,949	930,884	240,683	46,768	-	98,169
Disbursements:									
Instruction	3,739,731	-	-	-	-	-	241,626	-	-
Support services	1,562,213	-	-	717,979	593,897	261,965	184,647	42,314	-
Noninstructional services	204,313	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	170,190	-	-	187,379	-	98,169
Debt service	-	1,679,970	138,159	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,506,257	1,679,970	138,159	888,169	593,897	261,965	613,652	42,314	98,169
Excess (deficiency) of receipts over disbursements	120,570	253,827	196,439	81,780	336,987	(21,282)	(566,884)	(42,314)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	261	-	250,000	-	-
Transfers out	-	-	-	-	(250,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(249,739)	-	250,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	120,570	253,827	196,439	81,780	87,248	(21,282)	(316,884)	(42,314)	-
Cash and investments - ending	\$ 431,393	\$ 1,190,360	\$ 328,238	\$ 508,392	\$ 746,028	\$ 233,026	\$ 622,545	\$ 484,324	\$ -

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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply - Area Vocational School	Educational License Plates	Alternate Education Grant 15	Lily Endowment Compr Counseling	Donations, Gifts & Trust
Cash and investments - beginning	\$ 171,695	\$ 185,859	\$ 45,282	\$ 261	\$ -	\$ 690	\$ -	\$ -	\$ -
Receipts:									
Local sources	158,694	58,901	65,794	-	-	-	-	-	7,540
Intermediate sources	-	-	-	-	-	75	-	-	-
State sources	6,219	38,720	-	-	-	-	5,557	-	-
Federal sources	317,534	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	482,447	97,621	65,794	-	-	75	5,557	-	7,540
Disbursements:									
Instruction	-	-	-	-	-	763	5,557	-	-
Support services	-	180,658	-	-	-	-	-	-	-
Noninstructional services	532,250	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	6,602
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	83,978	-	-	-	-	-	-
Total disbursements	532,250	180,658	83,978	-	-	763	5,557	-	6,602
Excess (deficiency) of receipts over disbursements	(49,803)	(83,037)	(18,184)	-	-	(688)	-	-	938
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(261)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(261)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,803)	(83,037)	(18,184)	(261)	-	(688)	-	-	938
Cash and investments - ending	\$ 121,892	\$ 102,822	\$ 27,098	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 938

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

	Miscellaneous Programs	Project Lead Way - Donations	High Ability Grant 2014-2015	High Ability Grant 2015-2016	High Ability Grant SY 16-17	Formative Assessment	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 1,794	\$ 50,250	\$ 6,189	\$ -	\$ -	\$ -	\$ 3,930	\$ 7,310	\$ -
Receipts:									
Local sources	500	3,000	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	28,692	-	-	-	12,766	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	500	3,000	-	28,692	-	-	-	12,766	-
Disbursements:									
Instruction	500	-	6,189	23,639	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	51,302	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	500	51,302	6,189	23,639	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(48,302)	(6,189)	5,053	-	-	-	12,766	-
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	-	(48,302)	(6,189)	5,053	-	-	-	12,766	-
Cash and investments - ending	\$ 1,794	\$ 1,948	\$ -	\$ 5,053	\$ -	\$ -	\$ 3,930	\$ 20,076	\$ -

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

	Recreational Activities	Welfare Activities	School Technology	Career and Technical Performance Grant	Performance Based Awards	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ -	\$ -	\$ 8,833	\$ -	\$ 9,560	\$ (52,666)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	5,694	-	39,510	-	-	-	-
Federal sources	-	-	-	-	-	74,785	174,302	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	5,694	-	39,510	74,785	174,302	-	-
Disbursements:									
Instruction	-	-	-	-	-	23,329	163,262	-	-
Support services	-	-	-	-	40,353	(1,704)	29,229	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	13,825	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	13,825	-	40,353	21,625	192,491	-	-
Excess (deficiency) of receipts over disbursements	-	-	(8,131)	-	(843)	53,160	(18,189)	-	-
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	-	-	(8,131)	-	(843)	53,160	(18,189)	-	-
Cash and investments - ending	\$ -	\$ -	\$ 702	\$ -	\$ 8,717	\$ 494	\$ (18,189)	\$ -	\$ -

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

	Special Education 611 Grant 2014-2015	Special Ed 611 Grant 15-16	Special Ed 619 Grant 15-16	Special Ed 619 Grant 14-15	Special Education, Part B, 611 Technical Assistance Grant	Special Ed Part B 611 16-17	Special Ed Part B 619 FY 2017	Tobacco Education Grant	Arrow Head Country Resource Co
Cash and investments - beginning	\$ (54,391)	\$ -	\$ -	\$ -	\$ (622)	\$ -	\$ -	\$ 1,738	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	96,919	266,456	-	8,746	4,522	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	96,919	266,456	-	8,746	4,522	-	-	-	-
Disbursements:									
Instruction	33,323	238,869	8,713	8,746	3,900	-	-	-	-
Support services	9,205	52,928	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	42,528	291,797	8,713	8,746	3,900	-	-	-	-
Excess (deficiency) of receipts over disbursements	54,391	(25,341)	(8,713)	-	622	-	-	-	-
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	54,391	(25,341)	(8,713)	-	622	-	-	-	-
Cash and investments - ending	\$ -	\$ (25,341)	\$ (8,713)	\$ -	\$ -	\$ -	\$ -	\$ 1,738	\$ -

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

	Carl Perkins Grant 2013-2014	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A FY 14	Title II Part A FY 15	Title II Part A FY 16	Payroll Clearing	Prepaid Meals Clearing	Totals
Cash and investments - beginning	\$ (36,318)	\$ 16,080	\$ -	\$ -	\$ -	\$ -	\$ 32,496	\$ -	\$ 4,582,892
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,946,185
Intermediate sources	-	-	-	-	-	-	-	-	237
State sources	-	-	-	-	-	-	-	-	5,625,812
Federal sources	-	35,177	-	140	40,313	-	-	-	1,059,997
Other receipts	-	-	-	-	-	-	1,474,394	6,313	1,480,707
Total receipts	-	35,177	-	140	40,313	-	1,474,394	6,313	13,112,938
Disbursements:									
Instruction	(36,318)	1,330	-	140	40,313	-	-	-	4,503,612
Support services	-	-	-	-	-	-	-	-	3,673,684
Noninstructional services	-	-	-	-	-	-	-	-	736,563
Facilities acquisition and construction	-	-	-	-	-	-	-	-	527,467
Debt service	-	-	-	-	-	-	-	-	1,818,129
Nonprogrammed charges	-	-	-	-	-	-	1,518,461	-	1,602,439
Total disbursements	(36,318)	1,330	-	140	40,313	-	1,518,461	-	12,861,894
Excess (deficiency) of receipts over disbursements	36,318	33,847	-	-	-	-	(44,067)	6,313	251,044
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	250,261
Transfers out	-	-	-	-	-	-	-	-	(250,261)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	36,318	33,847	-	-	-	-	(44,067)	6,313	251,044
Cash and investments - ending	\$ -	\$ 49,927	\$ -	\$ -	\$ -	\$ -	\$ (11,571)	\$ 6,313	\$ 4,833,936

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction 2015	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 431,393	\$ 1,190,360	\$ 328,238	\$ 508,392	\$ 746,028	\$ 233,026	\$ 622,545	\$ 484,324	\$ -	\$ 121,892	\$ 102,822
Receipts:											
Local sources	127,689	1,699,227	269,439	1,146,403	762,264	236,960	-	-	-	152,196	48,135
Intermediate sources	131	-	-	-	-	-	-	-	-	-	-
State sources	5,194,089	-	-	-	-	-	-	-	-	3,911	40,543
Federal sources	16,167	-	-	-	-	-	-	-	-	310,936	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	5,338,076	1,699,227	269,439	1,146,403	762,264	236,960	-	-	-	467,043	88,678
Disbursements:											
Instruction	3,346,801	-	-	-	-	-	-	-	-	-	-
Support services	1,796,566	2,182	-	734,356	583,464	232,776	-	27,367	-	-	117,570
Noninstructional services	207,201	-	-	-	-	-	-	-	-	460,112	-
Facilities acquisition and construction	-	-	-	254,576	-	-	-	-	-	-	-
Debt service	-	1,683,671	272,859	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,350,568	1,685,853	272,859	988,932	583,464	232,776	-	27,367	-	460,112	117,570
Excess (deficiency) of receipts over disbursements	(12,492)	13,374	(3,420)	157,471	178,800	4,184	-	(27,367)	-	6,931	(28,892)
Other financing sources (uses):											
Sale of capital assets	-	-	-	72,534	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	650,788	-	-	-	-
Transfers out	-	-	(150,788)	(300,000)	(200,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(150,788)	(227,466)	(200,000)	-	650,788	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,492)	13,374	(154,208)	(69,995)	(21,200)	4,184	650,788	(27,367)	-	6,931	(28,892)
Cash and investments - ending	\$ 418,901	\$ 1,203,734	\$ 174,030	\$ 438,397	\$ 724,828	\$ 237,210	\$ 1,273,333	\$ 456,957	\$ -	\$ 128,823	\$ 73,930

CULVER COMMUNITY SCHOOLS CORPORATION
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 For the Year Ended June 30, 2017

	Self- Insurance	Levy Excess	Joint Services and Supply - Area Vocational School	Educational License Plates	Alternate Education Grant 15	Lily Endowment Compr Counseling	Donations, Gifts & Trust	Miscellaneous Programs	Project Lead Way - Donations	High Ability Grant 2014-2015	High Ability Grant 2015-2016
Cash and investments - beginning	\$ 27,098	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 938	\$ 1,794	\$ 1,948	\$ -	\$ 5,053
Receipts:											
Local sources	49,585	-	-	-	-	20,000	21,386	-	-	-	-
Intermediate sources	-	-	-	75	-	-	-	-	-	-	-
State sources	-	-	-	-	7,990	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	49,585	-	-	75	7,990	20,000	21,386	-	-	-	-
Disbursements:											
Instruction	-	-	-	-	7,990	-	-	-	-	-	5,053
Support services	-	-	-	-	-	3,150	20,027	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	899	-	1,948	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	75,221	-	-	-	-	-	-	-	-	-	-
Total disbursements	75,221	-	-	-	7,990	3,150	20,926	-	1,948	-	5,053
Excess (deficiency) of receipts over disbursements	(25,636)	-	-	75	-	16,850	460	-	(1,948)	-	(5,053)
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	(25,636)	-	-	75	-	16,850	460	-	(1,948)	-	(5,053)
Cash and investments - ending	\$ 1,462	\$ -	\$ -	\$ 77	\$ -	\$ 16,850	\$ 1,398	\$ 1,794	\$ -	\$ -	\$ -

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	High Ability Grant SY 16-17	Formative Assessment	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant	Recreational Activities	Welfare Activities	School Technology	Career and Technical Performance Grant	Performance Based Awards	Title I 2014-2015
Cash and investments - beginning	\$ -	\$ -	\$ 3,930	\$ 20,076	\$ -	\$ -	\$ -	\$ 702	\$ -	\$ 8,717	\$ 494
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	28,250	9,281	-	20,899	-	-	-	6,819	6,284	14,360	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	28,250	9,281	-	20,899	-	-	-	6,819	6,284	14,360	-
Disbursements:											
Instruction	24,595	-	-	-	-	-	-	-	-	-	-
Support services	-	9,281	-	-	-	-	-	-	-	14,354	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	13,539	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,595	9,281	-	-	-	-	-	13,539	-	14,354	-
Excess (deficiency) of receipts over disbursements	3,655	-	-	20,899	-	-	-	(6,720)	6,284	6	-
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	3,655	-	-	20,899	-	-	-	(6,720)	6,284	6	-
Cash and investments - ending	\$ 3,655	\$ -	\$ 3,930	\$ 40,975	\$ -	\$ -	\$ -	\$ (6,018)	\$ 6,284	\$ 8,723	\$ 494

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title I 2015-2016	Title I 2016-2017	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education 611 Grant 2014-2015	Special Ed 611 Grant 15-16	Special Ed 619 Grant 15-16	Special Ed 619 Grant 14-15	Special Education, Part B, 611 Technical Assistance Grant	Special Ed Part B 611 16-17	Special Ed Part B 619 FY 2017	Tobacco Education Grant
Cash and investments - beginning	\$ (18,189)	\$ -	\$ -	\$ -	\$ (25,341)	\$ (8,713)	\$ -	\$ -	\$ -	\$ -	\$ 1,738
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	21,194	184,439	-	-	60,756	8,713	-	-	174,435	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	21,194	184,439	-	-	60,756	8,713	-	-	174,435	-	-
Disbursements:											
Instruction	1,474	181,927	-	-	28,567	-	-	-	193,285	7,708	-
Support services	-	25,005	-	-	6,848	-	-	-	6,070	-	-
Noninstructional services	1,531	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,005	206,932	-	-	35,415	-	-	-	199,355	7,708	-
Excess (deficiency) of receipts over disbursements	18,189	(22,493)	-	-	25,341	8,713	-	-	(24,920)	(7,708)	-
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	18,189	(22,493)	-	-	25,341	8,713	-	-	(24,920)	(7,708)	-
Cash and investments - ending	\$ -	\$ (22,493)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (24,920)	\$ (7,708)	\$ 1,738

CULVER COMMUNITY SCHOOLS CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Arrow Head Country Resource Co	Carl Perkins Grant 2013-2014	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A FY 14	Title II Part A FY 15	Title II Part A FY 16	Payroll Clearing	Prepaid Meals Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 49,927	\$ -	\$ -	\$ -	\$ -	\$ (11,571)	\$ 6,313	\$ 4,833,936
Receipts:										
Local sources	1,116	-	-	-	-	-	-	-	-	4,534,400
Intermediate sources	-	-	-	-	-	-	-	-	-	206
State sources	-	-	-	-	-	-	-	-	-	5,332,426
Federal sources	-	-	50,623	-	-	40,000	-	-	-	867,263
Other receipts	-	-	-	-	-	-	1,337,521	141,933	-	1,479,454
Total receipts	1,116	-	50,623	-	-	40,000	1,337,521	141,933	-	12,213,749
Disbursements:										
Instruction	1,116	-	1,630	-	-	40,000	-	-	-	3,840,146
Support services	-	-	-	-	-	-	-	-	-	3,579,016
Noninstructional services	-	-	-	-	-	-	-	-	-	668,844
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	270,962
Debt service	-	-	-	-	-	-	-	-	-	1,956,530
Nonprogrammed charges	-	-	-	-	-	-	1,325,354	142,962	-	1,543,537
Total disbursements	1,116	-	1,630	-	-	40,000	1,325,354	142,962	-	11,859,035
Excess (deficiency) of receipts over disbursements	-	-	48,993	-	-	-	12,167	(1,029)	-	354,714
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	72,534
Transfers in	-	-	-	-	-	-	-	-	-	650,788
Transfers out	-	-	-	-	-	-	-	-	-	(650,788)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	72,534
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	48,993	-	-	-	12,167	(1,029)	-	427,248
Cash and investments - ending	\$ -	\$ -	\$ 98,920	\$ -	\$ -	\$ -	\$ 596	\$ 5,284	\$ 5,261,184	

CULVER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 214,669</u>	<u>\$ 61,078</u>

CULVER COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Culver School Building Corporation	2015 2009A & 2009B Bonds	<u>\$ 1,382,938</u>	01/15/2010	07/15/2027

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Bonds of 2013 Ind Bond Bank	\$ 1,270,000	\$ 141,876
General obligation bonds	IBB Sch Sev 2013A	1,358,881	270,169
General obligation bonds	Qualified School Construction Bond Debt	<u>1,230,000</u>	<u>203,712</u>
Totals		<u>\$ 3,858,881</u>	<u>\$ 615,757</u>

CULVER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 423,146
Buildings	43,158,904
Improvements other than buildings	5,704,842
Machinery, equipment, and vehicles	<u>4,995,259</u>
Total capital assets	<u>\$ 54,282,151</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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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 CULVER COMMUNITY SCHOOL
CORPORATION, MARSHALL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

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

Report on Internal Control over Compliance

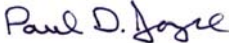
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003 and 2017-004, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 12, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CULVER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education						
School Breakfast Program		10.553	SY 2015-2016	\$ -	\$ 57,943	\$ -	\$ -
School Breakfast Program		10.553	SY 2016-2017	-	-	-	59,207
Total - School Breakfast Program				-	57,943	-	59,207
National School Lunch Program							
National School Lunch Program	Indiana Department of Education						
National School Lunch Program		10.555	SY 2015-2016	-	232,132	-	-
National School Lunch Program		10.555	SY 2016-2017	-	-	-	231,898
National School Lunch Program - Commodities		10.555	SY 2015-2016	-	33,305	-	-
National School Lunch Program - Commodities		10.555	SY 2016-2017	-	-	-	40,920
Total - National School Lunch Program				-	265,437	-	272,818
Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education						
Summer Food Service Program		10.559	SY 2015-2016	-	29,106	-	-
Summer Food Service Program		10.559	SY 2016-2017	-	-	-	19,479
Total - Summer Food Service Program for Children				-	29,106	-	19,479
Total - Child Nutrition Cluster				-	352,486	-	351,504
Total - Department of Agriculture				-	352,486	-	351,504
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Ed 611 14-15	Indiana Department of Education						
Special Ed 611 15-16		84.027	14215-132-PN01	-	96,919	-	-
Special Ed 611 16-17 FY2017		84.027	14216-103-PN01	-	266,456	-	60,756
Special Ed 611 16-17 FY2017		84.027	14217-103-PN01	-	-	-	174,435
Special Ed Part B 611 TA		84.027	99914-132-TA01	-	4,522	-	-
Total - Special Education Grants to States				-	367,897	-	235,191
Special Education Preschool Grants							
Special Ed Part B 619	Indiana Department of Education						
Special Ed Part B 619 FY 2016		84.173	45715-132-PN01	-	8,746	-	-
Special Ed Part B 619 FY 2016		84.173	45716-103-PN01	-	-	-	8,713
Total - Special Education Preschool Grants				-	8,746	-	8,713
Total - Special Education Cluster (IDEA)				-	376,643	-	243,904

CULVER COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I Part A 2014-2015		84.010	15-5455	-	74,785	-	-
Title I Part A 2015-2016		84.010	16-5455	-	174,302	-	21,194
Title I Part A 2016-2017		84.010	S010A150014	-	-	-	184,439
Total - Title I Grants to Local Educational Agencies				-	249,087	-	205,633
Career and Technical Education -- Basic Grants to States Career and Technical Education	Plymouth Community School Corporation	84.048	16-4700-5455	-	4,578	-	4,578
Total - Career and Technical Education -- Basic Grants to States				-	4,578	-	4,578
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education						
Title II Part A FY 14		84.367	14-5455	-	140	-	-
Title II Part A FY 15		84.367	S367A150015	-	40,313	-	-
Title II Part A FY 16		84.367	S367A160013	-	-	-	40,000
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	40,453	-	40,000
Total - Department of Education				-	670,761	-	494,115
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education						
Medicaid Reimbursement		93.778	FY 15-16	-	11,895	-	-
Medicaid Reimbursement		93.778	FY 16-17	-	-	-	12,263
Total - Medical Assistance Program				-	11,895	-	12,263
Total - Medicaid Cluster				-	11,895	-	12,263
Total - Department of Health and Human Services				-	11,895	-	12,263
Total federal awards expended				\$ -	\$ 1,035,142	\$ -	\$ 857,882

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

CULVER COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

CULVER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified Unmodified

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

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

Section II - Financial Statement Findings

FINDING 2017-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

CULVER COMMUNITY SCHOOL CORPORATION
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). The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the SEFA. One employee prepared the SEFA without evidence of a review or approval process, or other compensating control.

Context

Due to the lack of controls, the SEFA contained the following errors:

1. The School Breakfast Program expenditures were overstated by \$1,027 and understated by \$649 for the 2016 and 2017 fiscal years, respectively.
2. The National School Lunch Program expenditures were understated by \$30,312 and \$42,621 for the 2016 and 2017 fiscal years, respectively.
3. The Summer Food Service Program for Children expenditures were omitted in the amounts of \$29,106 and \$19,479 for the 2016 and 2017 fiscal years, respectively.
4. The Career and Technical Education -- Basic Grants to States expenditures were omitted in the amounts of \$4,578 and \$4,578 for the 2016 and 2017 fiscal years, respectively.
5. The Medical Assistance Program expenditures were omitted in the amounts of \$11,895 and \$12,263 for the 2016 and 2017 fiscal years, respectively.

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. . . .

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

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

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

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

2 CFR 200.510(b) states:

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

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

Cause

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

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-002

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

Repeat Finding

This is a repeat finding from the immediately prior audit related to cash and investments, receipts, and payroll disbursements. The prior audit finding number was 2015-002.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash and investments, receipts, payroll disbursements, and financial reporting.

Cash and Investments

The School Corporation had implemented controls related to the bank reconciliations; however, the controls were not effective.

Receipts

One employee posted receipts to the financial accounting system with no review or oversight.

Payroll Disbursements

One employee processed payroll with no review or oversight to ensure that employees were paid from the proper funds.

Financial Reporting

The School Corporation had implemented controls for financial reporting, but they were not effective in preventing errors. Bonds were issued in the name of the holding corporation in 2015, but they were included on the School Corporation's financial reports in error. This resulted in over reporting the Construction 2015 fund balances by \$981,999 and \$688,124 as of June 30, 2016 and 2017, respectively.

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

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

Context

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

Criteria

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

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

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

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

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

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

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

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management of the School Corporation had not established a proper system of internal controls that segregated key functions.

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

Effect

The failure to establish and properly implement controls enabled material noncompliance related to the financial statement to remain undetected. The financial statement contained the errors identified in the *Condition*.

Recommendation

We recommended that the School Corporation establish a system of internal controls related to cash and investments, receipts, payroll disbursements, and financial reporting.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-003

Subject: Title I Grants to Local Educational Agencies - Reporting, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Annual Report Card, High School Graduation Rate, 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): 15-5455, 16-5455, S010A150014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Reporting, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Annual Report Card, High School Graduation Rate, Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding reporting. The prior audit finding number was 2015-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions - Annual Report Card, High School Graduation Rate, and Special Tests and Provisions - Assessment System Security compliance requirements.

Reporting

The Annual Financial Report was prepared and submitted by one employee with no review or oversight.

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

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation had no oversight or review procedures to ensure employees hired as paraprofessionals had obtained their high school diploma or recognized equivalent.

Special Tests and Provisions - Annual Report Card, High School Graduation Rate

The guidance secretary removed students from the cohort with no review or oversight.

Special Tests and Provisions - Assessment System Security

The School Corporation had not established effective controls to determine that all individuals who came into contact with any tests administered under the Indiana Assessment System were properly trained.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-004

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Program Income, Reporting, 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, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

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 Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Cash Management (School Breakfast Program, National School Lunch Program)

The School Corporation had not established procedures to monitor the School Lunch fund monthly cash balances (net cash resources) to ensure that they were limited to three months average expenditures. There was no documentation of a monitoring process over the School Lunch fund cash balances (net cash resources).

Eligibility (School Breakfast Program, National School Lunch Program)

The School Corporation used a food service software which automatically made the eligibility determinations dependent upon the information entered into the software. One employee processed the applications for free and reduced price meals, without a proper system of oversight or review.

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

Program Income (School Breakfast Program, National School Lunch Program)

The School Corporation had not established controls to ensure that receipts generated from the cafeteria sales were properly recorded. One employee recorded meal sales receipts to the School Lunch fund without an oversight or process.

Reporting

One employee was responsible for processing and submitting the grant reports including the monthly Sponsor Claims (claims for reimbursement), Annual Financial Report, and the School Food Authority (SFA) Verification Collection Reports without a review or oversight process.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
(School Breakfast Program, National School Lunch Program)

Two employees processed the Verification of Free and Reduced Price Applications independently without a review or oversight of each other's work.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

Culver Community Schools Corporation

Karen Shuman, Superintendent

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001 – Preparation of the Schedule of Expenditure of Federal Awards

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

Going forward the Treasurer will complete the Schedule of Expenditures of Federal Awards (SEFA). After completion but before submission the Deputy Treasurer will review. After completion and review but before submission the Superintendent will approve.

Future submission of SEFA will include the Department of Agriculture grant, CFDA numbers, Federal Grantor Agencies, pass-thru entities, pass-thru entities program ID numbers and program names correctly. Treasurer will properly identify clusters and not include state grants.

Anticipated Completion Date: August 2016


Status of Audit Finding:

After completion but before submission the Deputy Treasurer reviewed but no documentation of that review. After completion and review but before submission the Superintendent did not approve. Moving forward the Treasurer and Superintendent will review and sign off on a summary of the documents used to create the report.

Submission of the SEFA did include the Department of Agriculture but omitted the summer program. Other items not listed on SEFA were the IMAC federal money and the Career Aide. Moving forward these items will be included on the SEFA. We have corrected all other findings regarding numbers, agencies, etc.



Signature



Title



Date

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002 – Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

The Secretary will receive all deposits, the Secretary will give all deposits to the Deputy Treasurer to prepare for actual bank deposit. The Treasurer will review deposit and initial approval for submission to local bank. After the Deputy Treasurer submits deposits to bank the Treasurer will enter as receipts into financial software.

Status: We have applied these changes as of August 2016 but are still working on implementing controls after the receipts are posted.

After Supervisors, Principals, etc. review and approve payroll they will be submitted to the Deputy Treasurer for processing. The Deputy Treasurer will process and complete the payroll procedures. The Treasurer will review payroll to verify and approve. The Board of Trustees will also approve in the following board meeting.

Status: We have applied these changes as of August 2016 but have no documentation of this review.

The Treasurer processes and completes all of the accounts payable. All invoices other than fixed invoices must have the Supervisors, Principals, Superintendent and/or purchase order signatures for approval. The Board of Trustees will also approve in the following board meeting.

Status: We have implemented these controls as of August 2016.

The Treasurer balances monthly bank statements to financial software and creates monthly reports for the Board of Trustees. Prior to submitting financial statements and reports the Deputy Treasurer will review and approve. The Board of Trustees will also approve in the following board meeting.

Status: We have implemented these controls as of July 2016.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003 – Cash Management and Reporting

Contact Person Responsible for Corrective Action: Casey Howard
Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

The Title I Coordinator and Treasurer will work together to create a budget for the upcoming Title I Grant. The Title I Coordinator will present the budget to the Board of Trustees for approval. Once approved the Treasurer will enter budget information into financial software.

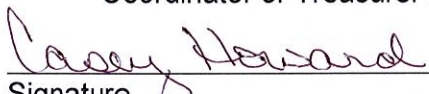
The Treasurer will prepare the monthly reimbursement report. The Superintendent will review and approve report. The Treasurer will then submit the report for reimbursement.

The annual financial report is submitted by the Title I Coordinator. The Treasurer creates all financials requested by the Title I Coordinator. The Title I Coordinator will create the annual report and the Superintendent will review and approve. The Title I Coordinator will then submit the annual financial report.

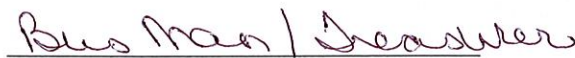
Anticipated Completion Date: August 2016

Status of Audit Finding:


We have corrected all of the findings listed above except for the annual report and annual financial report approval. Moving forward these items will be approved by Title I Coordinator or Treasurer and the Superintendent.



Signature



Title



Date

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CORRECTIVE ACTION PLAN

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditure of Federal Awards

Findings: Material Weakness, Noncompliance

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

Treasurer will complete the Schedule of Expenditures of Federal Awards (SEFA). After completion but before submission the part-time Deputy Treasurer will review. After completion and review but before submission the Superintendent will approve.

Future submission of SEFA will include the School Breakfast Program, National School Lunch Program, Summer Food Service Program, Career and Technical Education and the Medical Assistance Program correctly.

Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

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CORRECTIVE ACTION PLAN

FINDING 2017-002

Subject: Financial Transactions and Reporting

Findings: Material Weakness, Noncompliance

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

Receipts - The Secretary will receive all checks/cash, the Secretary will give checks/cash to Treasurer for review. Treasurer will give all checks/cash to the Secretary to prepare for actual bank deposit. The Treasurer will review deposit and initial approval for submission to local bank. After the Secretary submits deposits to bank the Treasurer will enter as receipts into financial software. After submitted into financial software the Secretary and/or part-time Deputy Treasurer and/or Superintendent will review.

Payroll Disbursements – Treasurer will process payroll and the School Board of Trustees will review that employees were paid from the proper funds.

Cash and Investments - The Treasurer balances monthly bank statements to financial software and creates monthly reports for the Board of Trustees. Prior to submitting financial statements and reports the Secretary will review and approve. The Board of Trustees will also approve in the following board meeting.

Financial Reporting – The Treasurer balancers monthly bank statements to financial software and creates monthly reports for the Board of Trustees. Prior to submitting financial statements and reports the Secretary and part-time Deputy Treasurer will review and approve. The Board of Trustees will also approve in the following board meeting. Bonds have since been removed from the School's financial reports per Resolution 2018-02.

Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

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CORRECTIVE ACTION PLAN

FINDING 2017-003

Subject: Title I Grants to Local Educational Agencies – Reporting, Special Tests and Provisions – Highly Qualified Teachers and Paraprofessionals, Special Tests and Provisions – Annual Report Card, High School Graduation Rate, Special Tests and Provisions – Assessment System Security

Findings: Material Weakness

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

Title I Grants to Local Educational Agencies-Reporting - The annual financial report is submitted by the Title I Coordinator. The Treasurer creates all financials requested by the Title I Coordinator. The Title I Coordinator will create the annual report and the Superintendent will review and approve. The Title I Coordinator will then submit the annual financial report.

Special Tests and Provisions-Highly Qualified Teachers and Paraprofessionals – Principals will determine if staff are highly qualified and/or a paraprofessional. Secretary will confirm our staff are highly qualified teachers and/or paraprofessionals with proper documentation upon hiring.

Special Tests and Provisions-Annual Report Card, High School Graduation Rate – The Guidance Secretary may remove students from the cohort with documented review from the Guidance Counselor and Principal.

Special Tests and Provisions-Assessment System Security – Principals will have the employees provide the training with the training material provided by the Title I Coordinator. The Title I Coordinator and Principals will have all Certified Staff sign attendance roster for all trainings.

Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

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CORRECTIVE ACTION PLAN

FINDING 2017-004

Subject: Child Nutrition Cluster-Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions-Verification of Free and Reduced-Price Applications (NSLP)

Findings: Material Weakness

Fiscal Year In Which the Finding Occurred: 15-16 and 16-17

Contact Person Responsible for Corrective Action: Casey Howard

Contact Phone Number: 574-842-3364

Description of Corrective Action Plan:

Child Nutrition Cluster-Cash Management – The Food Service Director will monitor the School Lunch fund monthly cash balances to ensure that we are limited to three months average expenditures. The Food Service Director will then send to Treasurer for review.

Child Nutrition Cluster-Eligibility – Along with using the food service software which automatically made the eligibility determinations dependent upon the information entered in the software the Food Service Director along with the ECA Treasurers will review the eligibility determinations with proper documentation.

Child Nutrition Cluster-Program Income – After the ECA Treasurers provide the monthly meal counts the Treasurer will enter as a receipt into financial software. After submitted into financial software the Secretary and/or part-time Deputy Treasurer and/or Superintendent will review.

Child Nutrition Cluster-Reporting – The Middle/High School ECA Treasurer will create the Monthly Sponsor Claims and the School Food Authority (SFA) Verification Collection Reports with review by the Food Service Director before submission. The Middle/High School ECA Treasurer and the Food Service Director will create the Annual Financial Report with review by the Corporation Treasurer before submission.

Special Tests and Provisions-Verification of Free and Reduced-Price Applications (NSLP) – Each ECA Treasurer will process the Verification of Free and Reduced Applications with review by the Food Service Director.

Views of the Responsible Official:

We concur with the findings.

Anticipated Completion Date: August 2018

OTHER REPORTS

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