

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
08/16/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Cindy Guinn	07-01-14 to 06-30-19
Superintendent of Schools	David Chapman	07-01-14 to 06-30-19
President of the School Board	Ray Gilfoy John P. Roehm	01-01-14 to 12-31-14 01-01-15 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of 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 24, 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 24, 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 SOUTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the South Vermillion Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated July 24, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

South Vermillion Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 24, 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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SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER
FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 1,081,949	\$ 11,194,899	\$ 11,726,407	\$ -	\$ 550,441	\$ 11,371,433	\$ 10,817,405	\$ 5	\$ 1,104,474
Debt Service	960,626	1,831,540	1,728,421	(29,439)	1,034,306	1,751,261	1,731,655	(43,796)	1,010,116
Capital Projects	710,313	1,892,652	2,006,350	-	596,615	1,768,196	1,675,967	-	688,844
School Transportation	303,137	884,225	918,084	-	269,278	833,093	843,433	-	258,938
School Bus Replacement	247,939	252,077	462,570	-	37,446	241,610	150,000	-	129,056
GO Bonds 2015A	-	-	-	-	-	-	596,330	1,660,353	1,064,023
GO Bonds 2015B	-	-	-	-	-	-	-	805,000	805,000
GO Bonds 2015C	-	-	-	-	-	-	-	530,000	530,000
Construction 2016A	-	-	-	-	-	-	432,259	1,802,715	1,370,456
Construction 2016B	-	-	-	-	-	-	30,154	1,999,847	1,969,693
School Lunch	408,125	928,592	1,091,543	-	245,174	977,935	967,802	-	255,307
Textbook Rental	250,168	168,627	119,858	-	298,937	235,093	258,071	-	275,959
Levy Excess	-	-	-	29,439	29,439	-	-	43,796	73,235
PVETI 2013-2014	97,880	-	65,479	(32,404)	(3)	401,324	369,606	49,130	80,845
PVETI 2014-2015	-	613,938	498,568	32,404	147,774	94,441	193,085	(49,130)	-
Educational License Plates	319	263	-	-	582	263	750	-	95
Alternative Education	5,940	-	5,940	-	-	-	-	-	-
Early Intervention Grant	-	10,000	6,301	-	3,699	-	3,699	-	-
Early Intervention Grant - V Duyn	-	10,000	26,262	-	(16,262)	20,000	3,738	-	-
ISU Prof. Dev.	2,247	-	2,247	-	-	-	-	-	-
Adult and Continuing Education	2,191	8,348	11,121	-	(582)	11,538	6,408	-	4,548
Giacoletto Foundation	9,817	5,000	3,509	-	11,308	10,000	6,351	-	14,957
Construction, Remodeling, and Equipping Buildings	-	-	-	-	-	100,000	-	-	100,000
Duke Energy Literacy Grant	-	-	-	-	-	18,065	18,065	-	-
Formative Assessment	-	-	-	-	-	21,522	21,522	-	-
High Ability 2013-14	1,137	-	1,137	-	-	32,549	28,604	-	3,945
Tech Prep	-	31,740	27,212	-	4,528	-	4,528	-	-
School Technology	11,904	23,262	33,819	-	1,347	28,907	15,604	-	14,650
Helt TWP Preschool	(845)	23,694	24,522	-	(1,673)	24,396	24,486	-	(1,763)
Wellness Program	183	4,900	5,083	-	-	-	-	-	-
Alternative Suspension	909	15,940	12,617	-	4,232	10,000	14,810	-	(578)
PVETI Health Center 14-15	-	76,317	58,082	8,683	26,918	-	1,338	(25,580)	-
Senator David Ford Technology	-	91,595	91,920	-	(325)	8,405	8,080	-	-
PVETI Health Center 13-14	8,788	2,000	2,104	(8,683)	1	65,000	61,117	25,580	29,464
Title I	-	270,977	309,237	-	(38,260)	70,815	32,555	-	-
Title I 13-14	(18,755)	67,241	48,487	-	(1)	227,087	268,731	-	(41,645)
Title I 1003(A)	-	10,888	15,410	-	(4,522)	10,112	5,590	-	-
Adult Comp. 13-14	(24,107)	28,326	4,218	-	1	58,093	102,449	-	(44,355)
Adult Comp. 14-15	-	82,370	101,368	-	(18,998)	29,140	10,142	-	-
Perkins 13-14	(2,068)	34,222	32,154	-	-	62,998	82,147	-	(19,149)
Perkins 14-15	-	36,629	37,970	-	(1,341)	31,792	30,451	-	-
Medicaid Reimbursement - Federal	62,733	49,504	112,237	-	-	50,766	15,651	-	35,115
CTE Tech Resource 2015	-	12,840	12,840	-	-	86,552	86,552	-	-
Perkins Rural 2016	-	-	-	-	-	-	4,000	-	(4,000)
CTE Curriculum Grant	-	29,012	34,221	-	(5,209)	60,698	55,489	-	-
CTE Grant 2016	-	-	-	-	-	63,969	80,958	-	(16,989)
Class Size Reduction	-	47,241	53,520	-	(6,279)	23,251	16,972	-	-
Title II(A), Class Red 13-14	(7,203)	23,827	16,624	-	-	27,052	30,349	-	(3,297)
Improving Teacher Quality, No Child Left, Title II, Part A	(4,400)	15,250	10,850	-	-	-	659	-	(659)
Digital Learning Grant	(1,230)	-	(1,230)	-	-	-	-	-	-
ELearning Conf. Grant 2015	-	-	11,432	-	(11,432)	17,000	5,568	-	-
Payroll Clearing	38,245	3,091,244	3,094,543	-	34,946	2,929,427	2,927,687	-	36,686
Totals	\$ 4,145,942	\$ 21,869,180	\$ 22,823,037	\$ -	\$ 3,192,085	\$ 21,773,783	\$ 22,040,817	\$ 6,797,920	\$ 9,722,971

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

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

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

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

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:

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

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The cash deficits arose from disbursements exceeding receipts due to timing delays in reimbursements being received from the grantors; these deficits are to be repaid from future grant receipts. The following funds incurred deficit balances due to timing delays for reimbursable grants: PVETI 2013-2014; Early Intervention Grant - V Duyn; Adult and Continuing Education; Helt TWP Preschool; Alternative Suspension; Senator David Ford Technology; Title I; Title I 13-14; Title I 1003(A); Adult Comp. 13-14; Adult Comp. 14-15; Perkins 13-14; Perkins 14-15; Perkins Rural 2016; CTE Curriculum Grant; CTE Grant 2016; Class Size Reduction; Title II(A), Class Red 13-14; Improving Teacher Quality, No Child Left, Title II, Part A; and ELearning Conf. Grant 2015.

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

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with Van Duyn/Ernie Pyle Building Corporation and South Vermillion Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$1,726,450 and \$1,055,600, respectively.

Note 9. *Other Postemployment Benefits*

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

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	GO Bonds 2015A	GO Bonds 2015B	GO Bonds 2015C	Construction 2016A
Cash and investments - beginning	\$ 1,081,949	\$ 960,626	\$ 710,313	\$ 303,137	\$ 247,939	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	54,775	1,831,540	1,891,018	884,225	252,077	-	-	-	-
Intermediate sources	550	-	-	-	-	-	-	-	-
State sources	11,139,574	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	1,634	-	-	-	-	-	-
Total receipts	11,194,899	1,831,540	1,892,652	884,225	252,077	-	-	-	-
Disbursements:									
Instruction	8,113,950	-	-	-	-	-	-	-	-
Support services	3,505,232	-	1,116,369	918,084	462,570	-	-	-	-
Noninstructional services	107,115	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	889,981	-	-	-	-	-	-
Debt service	-	1,728,421	-	-	-	-	-	-	-
Nonprogrammed charges	110	-	-	-	-	-	-	-	-
Total disbursements	11,726,407	1,728,421	2,006,350	918,084	462,570	-	-	-	-
Excess (deficiency) of receipts over disbursements	(531,508)	103,119	(113,698)	(33,859)	(210,493)	-	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(29,439)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(29,439)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(531,508)	73,680	(113,698)	(33,859)	(210,493)	-	-	-	-
Cash and investments - ending	\$ 550,441	\$ 1,034,306	\$ 596,615	\$ 269,278	\$ 37,446	\$ -	\$ -	\$ -	\$ -

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

	Construction 2016B	School Lunch	Textbook Rental	Levy Excess	PVETI 2013-2014	PVETI 2014-2015	Educational License Plates	Alternative Education	Early Intervention Grant
Cash and investments - beginning	\$ -	\$ 408,125	\$ 250,168	\$ -	\$ 97,880	\$ -	\$ 319	\$ 5,940	\$ -
Receipts:									
Local sources	-	404,467	100,720	-	-	612,037	-	-	-
Intermediate sources	-	-	-	-	-	-	263	-	-
State sources	-	8,420	67,907	-	-	-	-	-	10,000
Federal sources	-	515,705	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,901	-	-	-
Total receipts	-	928,592	168,627	-	-	613,938	263	-	10,000
Disbursements:									
Instruction	-	-	-	-	41,555	341,708	-	5,940	6,301
Support services	-	-	119,858	-	23,924	156,616	-	-	-
Noninstructional services	-	1,091,543	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	244	-	-	-
Total disbursements	-	1,091,543	119,858	-	65,479	498,568	-	5,940	6,301
Excess (deficiency) of receipts over disbursements	-	(162,951)	48,769	-	(65,479)	115,370	263	(5,940)	3,699
Other financing sources (uses):									
Transfers in	-	-	-	29,439	-	32,404	-	-	-
Transfers out	-	-	-	-	(32,404)	-	-	-	-
Total other financing sources (uses)	-	-	-	29,439	(32,404)	32,404	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(162,951)	48,769	29,439	(97,883)	147,774	263	(5,940)	3,699
Cash and investments - ending	\$ -	\$ 245,174	\$ 298,937	\$ 29,439	\$ (3)	\$ 147,774	\$ 582	\$ -	\$ 3,699

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

	Early Intervention Grant - V Duyn	ISU Prof. Dev.	Adult and Continuing Education	Giacoletto Foundation	Construction, Remodeling, and Equipping Buildings	Duke Energy Literacy Grant	Formative Assessment	High Ability 2013-14	Tech Prep
Cash and investments - beginning	\$ -	\$ 2,247	\$ 2,191	\$ 9,817	\$ -	\$ -	\$ -	\$ 1,137	\$ -
Receipts:									
Local sources	-	-	-	5,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	10,000	-	8,348	-	-	-	-	-	31,740
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	10,000	-	8,348	5,000	-	-	-	-	31,740
Disbursements:									
Instruction	26,262	-	11,121	2,978	-	-	-	1,137	-
Support services	-	2,247	-	-	-	-	-	-	27,212
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	531	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	26,262	2,247	11,121	3,509	-	-	-	1,137	27,212
Excess (deficiency) of receipts over disbursements	(16,262)	(2,247)	(2,773)	1,491	-	-	-	(1,137)	4,528
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,262)	(2,247)	(2,773)	1,491	-	-	-	(1,137)	4,528
Cash and investments - ending	\$ (16,262)	\$ -	\$ (582)	\$ 11,308	\$ -	\$ -	\$ -	\$ -	\$ 4,528

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

	School Technology	Helt TWP Preschool	Wellness Program	Alternative Suspension	PVETI Health Center 14-15	Senator David Ford Technology	PVETI Health Center 13-14	Title I	Title I 13-14
Cash and investments - beginning	\$ 11,904	\$ (845)	\$ 183	\$ 909	\$ -	\$ -	\$ 8,788	\$ -	\$ (18,755)
Receipts:									
Local sources	-	23,694	4,900	-	-	-	-	-	-
Intermediate sources	-	-	-	-	76,317	-	2,000	-	-
State sources	23,262	-	-	15,940	-	91,595	-	-	-
Federal sources	-	-	-	-	-	-	-	270,977	67,241
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	23,262	23,694	4,900	15,940	76,317	91,595	2,000	270,977	67,241
Disbursements:									
Instruction	-	24,522	-	12,617	959	-	176	217,743	35,850
Support services	-	-	5,083	-	57,123	325	1,928	76,596	12,637
Noninstructional services	-	-	-	-	-	-	-	14,898	-
Facilities acquisition and construction	33,819	-	-	-	-	91,595	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	33,819	24,522	5,083	12,617	58,082	91,920	2,104	309,237	48,487
Excess (deficiency) of receipts over disbursements	(10,557)	(828)	(183)	3,323	18,235	(325)	(104)	(38,260)	18,754
Other financing sources (uses):									
Transfers in	-	-	-	-	8,683	-	-	-	-
Transfers out	-	-	-	-	-	-	(8,683)	-	-
Total other financing sources (uses)	-	-	-	-	8,683	-	(8,683)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,557)	(828)	(183)	3,323	26,918	(325)	(8,787)	(38,260)	18,754
Cash and investments - ending	\$ 1,347	\$ (1,673)	\$ -	\$ 4,232	\$ 26,918	\$ (325)	\$ 1	\$ (38,260)	\$ (1)

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

	Title I 1003(A)	Adult Comp. 13-14	Adult Comp. 14-15	Perkins 13-14	Perkins 14-15	Medicaid Reimbursement - Federal	CTE Tech Resource 2015	Perkins Rural 2016	CTE Curriculum Grant
Cash and investments - beginning	\$ -	\$ (24,107)	\$ -	\$ (2,068)	\$ -	\$ 62,733	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	12,840	-	-
Federal sources	10,888	28,326	82,370	34,222	36,629	49,504	-	-	29,012
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	10,888	28,326	82,370	34,222	36,629	49,504	12,840	-	29,012
Disbursements:									
Instruction	-	3,197	86,785	32,154	37,970	-	-	-	-
Support services	15,410	1,021	14,583	-	-	112,237	12,840	-	34,221
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,410	4,218	101,368	32,154	37,970	112,237	12,840	-	34,221
Excess (deficiency) of receipts over disbursements	(4,522)	24,108	(18,998)	2,068	(1,341)	(62,733)	-	-	(5,209)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,522)	24,108	(18,998)	2,068	(1,341)	(62,733)	-	-	(5,209)
Cash and investments - ending	\$ (4,522)	\$ 1	\$ (18,998)	\$ -	\$ (1,341)	\$ -	\$ -	\$ -	\$ (5,209)

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

	CTE Grant 2016	Class Size Reduction	Title II(A), Class Red 13-14	Improving Teacher Quality, No Child Left, Title II, Part A	Digital Learning Grant	Elearning Conf. Grant 2015	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (7,203)	\$ (4,400)	\$ (1,230)	\$ -	\$ 38,245	\$ 4,145,942
Receipts:								
Local sources	-	-	-	-	-	-	-	6,064,453
Intermediate sources	-	-	-	-	-	-	-	79,130
State sources	-	-	-	-	-	-	-	11,419,626
Federal sources	-	47,241	23,827	15,250	-	-	-	1,211,192
Other receipts	-	-	-	-	-	-	3,091,244	3,094,779
Total receipts	-	47,241	23,827	15,250	-	-	3,091,244	21,869,180
Disbursements:								
Instruction	-	51,520	16,624	-	-	-	-	9,071,069
Support services	-	2,000	-	10,850	-	11,432	-	6,700,398
Noninstructional services	-	-	-	-	-	-	-	1,213,556
Facilities acquisition and construction	-	-	-	-	(1,230)	-	-	1,014,696
Debt service	-	-	-	-	-	-	-	1,728,421
Nonprogrammed charges	-	-	-	-	-	-	3,094,543	3,094,897
Total disbursements	-	53,520	16,624	10,850	(1,230)	11,432	3,094,543	22,823,037
Excess (deficiency) of receipts over disbursements	-	(6,279)	7,203	4,400	1,230	(11,432)	(3,299)	(953,857)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	70,526
Transfers out	-	-	-	-	-	-	-	(70,526)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(6,279)	7,203	4,400	1,230	(11,432)	(3,299)	(953,857)
Cash and investments - ending	\$ -	\$ (6,279)	\$ -	\$ -	\$ -	\$ (11,432)	\$ 34,946	\$ 3,192,085

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	GO Bonds 2015A	GO Bonds 2015B	GO Bonds 2015C	Construction 2016A
Cash and investments - beginning	\$ 550,441	\$ 1,034,306	\$ 596,615	\$ 269,278	\$ 37,446	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	42,727	1,751,261	1,768,196	827,559	241,610	-	-	-	-
Intermediate sources	1,101	-	-	-	-	-	-	-	-
State sources	11,326,885	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	720	-	-	5,534	-	-	-	-	-
Total receipts	11,371,433	1,751,261	1,768,196	833,093	241,610	-	-	-	-
Disbursements:									
Instruction	7,529,084	-	-	-	-	-	-	-	-
Support services	3,173,855	-	972,455	843,433	150,000	-	-	-	6,154
Noninstructional services	114,377	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	703,512	-	-	596,330	-	-	426,105
Debt service	-	1,731,655	-	-	-	-	-	-	-
Nonprogrammed charges	89	-	-	-	-	-	-	-	-
Total disbursements	10,817,405	1,731,655	1,675,967	843,433	150,000	596,330	-	-	432,259
Excess (deficiency) of receipts over disbursements	554,028	19,606	92,229	(10,340)	91,610	(596,330)	-	-	(432,259)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	1,660,353	805,000	530,000	1,802,715
Sale of capital assets	5	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(43,796)	-	-	-	-	-	-	-
Total other financing sources (uses)	5	(43,796)	-	-	-	1,660,353	805,000	530,000	1,802,715
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	554,033	(24,190)	92,229	(10,340)	91,610	1,064,023	805,000	530,000	1,370,456
Cash and investments - ending	\$ 1,104,474	\$ 1,010,116	\$ 688,844	\$ 258,938	\$ 129,056	\$ 1,064,023	\$ 805,000	\$ 530,000	\$ 1,370,456

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

	Construction 2016B	School Lunch	Textbook Rental	Levy Excess	PVETI 2013-2014	PVETI 2014-2015	Educational License Plates	Alternative Education	Early Intervention Grant
Cash and investments - beginning	\$ -	\$ 245,174	\$ 298,937	\$ 29,439	\$ (3)	\$ 147,774	\$ 582	\$ -	\$ 3,699
Receipts:									
Local sources	-	406,154	168,652	-	401,324	94,441	-	-	-
Intermediate sources	-	-	-	-	-	-	263	-	-
State sources	-	8,061	66,441	-	-	-	-	-	-
Federal sources	-	563,720	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	977,935	235,093	-	401,324	94,441	263	-	-
Disbursements:									
Instruction	-	-	-	-	215,121	176,769	750	-	3,699
Support services	6,154	-	258,071	-	154,485	16,316	-	-	-
Noninstructional services	-	967,802	-	-	-	-	-	-	-
Facilities acquisition and construction	24,000	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	30,154	967,802	258,071	-	369,606	193,085	750	-	3,699
Excess (deficiency) of receipts over disbursements	(30,154)	10,133	(22,978)	-	31,718	(98,644)	(487)	-	(3,699)
Other financing sources (uses):									
Proceeds of long-term debt	1,999,847	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	43,796	49,130	-	-	-	-
Transfers out	-	-	-	-	-	(49,130)	-	-	-
Total other financing sources (uses)	1,999,847	-	-	43,796	49,130	(49,130)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,969,693	10,133	(22,978)	43,796	80,848	(147,774)	(487)	-	(3,699)
Cash and investments - ending	\$ 1,969,693	\$ 255,307	\$ 275,959	\$ 73,235	\$ 80,845	\$ -	\$ 95	\$ -	\$ -

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

	Early Intervention Grant - V Duyn	ISU Prof. Dev.	Adult and Continuing Education	Giacoletto Foundation	Construction, Remodeling, and Equipping Buildings	Duke Energy Literacy Grant	Formative Assessment	High Ability 2013-14	Tech Prep
Cash and investments - beginning	\$ (16,262)	\$ -	\$ (582)	\$ 11,308	\$ -	\$ -	\$ -	\$ -	\$ 4,528
Receipts:									
Local sources	-	-	-	10,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	18,065	-	-	-
State sources	20,000	-	11,538	-	-	-	21,522	32,549	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	100,000	-	-	-	-
Total receipts	20,000	-	11,538	10,000	100,000	18,065	21,522	32,549	-
Disbursements:									
Instruction	3,738	-	6,408	1,300	-	18,065	-	28,604	-
Support services	-	-	-	-	-	-	21,522	-	4,398
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	5,051	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	130
Total disbursements	3,738	-	6,408	6,351	-	18,065	21,522	28,604	4,528
Excess (deficiency) of receipts over disbursements	16,262	-	5,130	3,649	100,000	-	-	3,945	(4,528)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,262	-	5,130	3,649	100,000	-	-	3,945	(4,528)
Cash and investments - ending	\$ -	\$ -	\$ 4,548	\$ 14,957	\$ 100,000	\$ -	\$ -	\$ 3,945	\$ -

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

	School Technology	Helt TWP Preschool	Wellness Program	Alternative Suspension	PVETI Health Center 14-15	Senator David Ford Technology	PVETI Health Center 13-14	Title I	Title I 13-14
Cash and investments - beginning	\$ 1,347	\$ (1,673)	\$ -	\$ 4,232	\$ 26,918	\$ (325)	\$ 1	\$ (38,260)	\$ (1)
Receipts:									
Local sources	-	24,396	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	65,000	-	-
State sources	28,907	-	-	10,000	-	8,405	-	-	-
Federal sources	-	-	-	-	-	-	-	70,815	227,087
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	28,907	24,396	-	10,000	-	8,405	65,000	70,815	227,087
Disbursements:									
Instruction	-	24,486	-	14,810	-	-	-	27,731	187,413
Support services	-	-	-	-	538	2,000	59,517	4,825	75,111
Noninstructional services	-	-	-	-	-	-	-	(1)	6,207
Facilities acquisition and construction	15,604	-	-	-	800	6,080	1,600	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,604	24,486	-	14,810	1,338	8,080	61,117	32,555	268,731
Excess (deficiency) of receipts over disbursements	13,303	(90)	-	(4,810)	(1,338)	325	3,883	38,260	(41,644)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	25,580	-	-
Transfers out	-	-	-	-	(25,580)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(25,580)	-	25,580	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,303	(90)	-	(4,810)	(26,918)	325	29,463	38,260	(41,644)
Cash and investments - ending	\$ 14,650	\$ (1,763)	\$ -	\$ (578)	\$ -	\$ -	\$ 29,464	\$ -	\$ (41,645)

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

	Title I 1003(A)	Adult Comp. 13-14	Adult Comp. 14-15	Perkins 13-14	Perkins 14-15	Medicaid Reimbursement - Federal	CTE Tech Resource 2015	Perkins Rural 2016	CTE Curriculum Grant
Cash and investments - beginning	\$ (4,522)	\$ 1	\$ (18,998)	\$ -	\$ (1,341)	\$ -	\$ -	\$ -	\$ (5,209)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	86,552	-	-
Federal sources	10,112	58,093	29,140	62,998	31,792	50,766	-	-	60,698
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	10,112	58,093	29,140	62,998	31,792	50,766	86,552	-	60,698
Disbursements:									
Instruction	-	89,047	6,845	82,147	30,451	-	-	-	-
Support services	5,590	13,402	3,297	-	-	15,651	86,552	4,000	55,489
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,590	102,449	10,142	82,147	30,451	15,651	86,552	4,000	55,489
Excess (deficiency) of receipts over disbursements	4,522	(44,356)	18,998	(19,149)	1,341	35,115	-	(4,000)	5,209
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,522	(44,356)	18,998	(19,149)	1,341	35,115	-	(4,000)	5,209
Cash and investments - ending	\$ -	\$ (44,355)	\$ -	\$ (19,149)	\$ -	\$ 35,115	\$ -	\$ (4,000)	\$ -

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

	CTE Grant 2016	Class Size Reduction	Title II(A), Class Red 13-14	Improving Teacher Quality, No Child Left, Title II, Part A	Digital Learning Grant	Elearning Conf. Grant 2015	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (6,279)	\$ -	\$ -	\$ -	\$ (11,432)	\$ 34,946	\$ 3,192,085
Receipts:								
Local sources	-	-	-	-	-	-	-	5,736,320
Intermediate sources	-	-	-	-	-	-	-	84,429
State sources	-	-	-	-	-	-	-	11,620,860
Federal sources	63,969	23,251	27,052	-	-	17,000	-	1,296,493
Other receipts	-	-	-	-	-	-	2,929,427	3,035,681
Total receipts	<u>63,969</u>	<u>23,251</u>	<u>27,052</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>2,929,427</u>	<u>21,773,783</u>
Disbursements:								
Instruction	-	16,859	28,349	-	-	-	-	8,491,676
Support services	80,958	113	2,000	659	-	5,568	-	6,022,113
Noninstructional services	-	-	-	-	-	-	-	1,088,385
Facilities acquisition and construction	-	-	-	-	-	-	-	1,779,082
Debt service	-	-	-	-	-	-	-	1,731,655
Nonprogrammed charges	-	-	-	-	-	-	2,927,687	2,927,906
Total disbursements	<u>80,958</u>	<u>16,972</u>	<u>30,349</u>	<u>659</u>	<u>-</u>	<u>5,568</u>	<u>2,927,687</u>	<u>22,040,817</u>
Excess (deficiency) of receipts over disbursements	<u>(16,989)</u>	<u>6,279</u>	<u>(3,297)</u>	<u>(659)</u>	<u>-</u>	<u>11,432</u>	<u>1,740</u>	<u>(267,034)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	6,797,915
Sale of capital assets	-	-	-	-	-	-	-	5
Transfers in	-	-	-	-	-	-	-	118,506
Transfers out	-	-	-	-	-	-	-	(118,506)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,797,920</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(16,989)</u>	<u>6,279</u>	<u>(3,297)</u>	<u>(659)</u>	<u>-</u>	<u>11,432</u>	<u>1,740</u>	<u>6,530,886</u>
Cash and investments - ending	<u>\$ (16,989)</u>	<u>\$ -</u>	<u>\$ (3,297)</u>	<u>\$ (659)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,686</u>	<u>\$ 9,722,971</u>

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,974,033</u>	<u>\$ 132,832</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Bank of America	2013 Guaranteed Energy Savings Lease Payments	\$ 294,815	6/30/2014	12/30/2027
South Vermillion Middle School Building Corporation	HS Renovations	231,000	6/30/2016	12/31/2024
Mercedes Benz Financial	School Bus Fleet Lease Payment	231,284	8/1/2012	8/1/2017
Van Duyn/Ernie Pyle Building Corporation	Elementary School Remodel	671,000	7/15/2015	1/15/2022
South Vermillion Middle School Building Corporation	Repair of Roof	<u>62,000</u>	5/26/2016	12/31/2024
Total governmental activities		<u>1,490,099</u>		
Total of annual lease payments		<u>\$ 1,490,099</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	High School Renovations Science Lab		\$ 1,390,000	\$ 515,100
General obligation bonds	High School Renovations Auditorium		680,000	245,498
General obligation bonds	High School Renovations Gymnasium Bleachers		<u>445,000</u>	<u>161,843</u>
Totals			<u>\$ 2,515,000</u>	<u>\$ 922,441</u>

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

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

	Ending Balance
Governmental activities:	
Land	\$ 739,500
Infrastructure	10
Buildings	74,342,480
Improvements other than buildings	3,973,849
Machinery, equipment, and vehicles	6,758,711
Construction in progress	910,422
Total governmental activities	86,724,972
Total capital assets	\$ 86,724,972

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2016-003, 2016-004, 2016-005, and 2016-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Eligibility, Procurement and Suspension and Debarment, Program Income, and Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-008. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a


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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-009 to be a significant deficiency.

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

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


Paul D. Joyce, CPA
State Examiner

July 24, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education						
School Breakfast		10.553	FY 14-15	\$ -	\$ 120,647	\$ -	\$ -
School Breakfast		10.553	FY 15-16	-	-	-	131,487
Total School Breakfast Program				-	120,647	-	131,487
National School Lunch Program							
School Lunch		10.555	FY 14-15	-	395,058	-	-
School Lunch		10.555	FY 15-16	-	-	-	432,233
School Lunch - Commodities		10.555	FY 14-15	-	55,615	-	-
School Lunch - Commodities		10.555	FY 15-16	-	-	-	59,660
Total National School Lunch Program				-	450,673	-	491,893
Summer Food Service Program for Children Summer Food 2015		10.559	FY 14-15	-	13,007	-	707
Total - Child Nutrition Cluster				-	584,327	-	624,087
Total - Department of Agriculture				-	584,327	-	624,087
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Covered Bridge Special Ed Grants to States	Indiana Department of Education	84.027	FY 14-15	-	375,891	-	-
Covered Bridge Special Ed Grants to States		84.027	FY 15-16	-	-	-	492,066
Total Special Education Grants to States				-	375,891	-	492,066
Special Education Preschool Grants							
Covered Bridge Pre-School Grants to States		84.173	FY 14-15	-	16,192	-	-
Covered Bridge Pre-School Grants to States		84.173	FY 15-16	-	-	-	17,708
Total Special Education Preschool Grants				-	16,192	-	17,708
Total - Special Education Cluster (IDEA)				-	392,083	-	509,774
Title I Grants to Local Educational Agencies							
Title I 2013-14	Indiana Department of Education	84.010	14-8020	-	67,241	-	-
Title I 2014-15		84.010	15-8020	-	270,977	-	-
Title I 1003(a)		84.010	FY-2015	-	10,888	-	10,112
Title I 2014-15		84.010	FY 14-15	-	-	-	70,815
Title I 2015-16		84.010	FY 15-16	-	-	-	227,087
Total - Title I Grants to Local Educational Agencies				-	349,106	-	308,014

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Adult Education - Basic Grants to States	Indiana Department of Workforce Development						
Adult Ed. 2014-15		84.002	FY 14-15	-	50,168	-	-
Adult Ed. 2015-16		84.002	FY 15-16	-	-	-	26,879
Total - Adult Education - Basic Grants to States				-	50,168	-	26,879
Career and Technical Education -- Basic Grants to States	Indiana Department of Education						
CTE Tech Resource		84.048	A58-5-15C1-2751	-	12,840	-	-
CTE Tech Resource 2015		84.048	FY 14-15	-	-	-	86,552
CTE Tech Resource 2016		84.048	FY 15-16	-	-	-	63,969
Total - Career and Technical Education -- Basic Grants to States				-	12,840	-	150,521
Supporting Effective Instruction State Grants	Indiana Department of Education						
Title II A 2013-14-		84.367	13-8020	-	23,827	-	-
Title II A 14-15		84.367	14-8020	-	47,241	-	-
Title II A 2014-15		84.367	FY 14-15	-	-	-	23,251
Title IIA (eLearning)		84.367	FY 14-15	-	15,250	-	-
Title II A 2015-16		84.367	FY 15-16	-	-	-	27,052
Title II A (eLearning) 2015		84.367	FY 15-16	-	-	-	17,000
Total - Supporting Effective Instruction State Grants				-	86,318	-	67,303
Total - Department of Education				-	890,515	-	1,062,491
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Dept. of Health and Human Services						
Medicaid 2015		93.778	FY 14-15	-	49,504	-	-
Medicaid 2016		93.778	FY 15-16	-	-	-	50,766
Total - Medicaid Cluster				-	49,504	-	50,766
Total - Department of Health and Human Services				-	49,504	-	50,766
Total federal awards expended				\$ -	\$ 1,524,346	\$ -	\$ 1,737,344

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

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

Note 1. *Basis of Presentation*

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

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

Note 2. *Summary of Significant Accounting Policies*

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

Note 3. *Special Education Cooperative*

The School Corporation is a member of a special education cooperative (cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the cooperative.

Note 4. *Career and Technical Education Cooperative*

The School Corporation is a member of a career and technical education cooperative (career cooperative) and serves as the fiscal agent for the career cooperative. As a result, some activity for the Career and Technical Education -- Basic Grants to States program that is presented as receipts and disbursements in the financial statement is not presented on the SEFA.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2016-001

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

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

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of segregation of duties as the School Corporation had not separated incompatible activities related to receipts. The School Corporation had not established controls to ensure payroll disbursements were properly recorded and classified in the ledgers and financial statements. The School Corporation had not properly implemented an effective system of internal controls to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Receipts

The Business Manager issued receipts, recorded receipts, and took the deposits to the bank. There was no segregation of duties, such as an oversight, review, or approval process.

Payroll Related Disbursements

The School Corporation had not established documented controls to ensure that employees were paid the correct amount or paid from the proper fund.

Schedule of Expenditures of Federal Awards

The School Corporation did not have an adequate control system in place to ensure the accuracy of the SEFA prior to submission. Federal grant information was prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA, without an oversight or review process.

The SEFA was overstated by \$99,863 in fiscal year 2015 and \$94,790 in fiscal year 2016, resulting in a total overstatement of \$194,653. Audit adjustments were proposed, approved by the School Corporation, and made to the SEFA.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period. Due to the lack of internal controls, the SEFA included expenditures of grant funds which should have been excluded.

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.

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

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

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

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

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

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

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

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

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

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

Cause

The School Corporation had not established a proper system of internal control that segregated key functions.

Effect

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Condition*.

Recommendation

We recommended that the School Corporation establish a system of internal controls to ensure that financial transactions will be properly recorded and reported and federal expenditures will be properly reported in the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP), Special
Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The prior audit finding number was 2014-002.

Condition

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

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

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

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

Verification of Free and Reduced Price Applications (NSLP) and Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not established an effective system of internal controls related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

The Food Service Director completed the verifications of free and reduced price applications and performed the calculations for paid lunch equity without a documented oversight, review, or approval process to ensure its accuracy.

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 had not developed a system of internal controls that segregated key functions to ensure compliance with the grant agreement and the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

SOUTH VERMILLION 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 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 Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

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

FINDING 2016-003

Subject: School Breakfast Program and National School Lunch Program - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not established adequate internal controls to ensure that the eligibility determination for free and reduced priced meal applications was correct. The School Corporation had not established adequate internal controls to ensure that eligibility parameters were properly entered in the computer software that was used to determine eligibility; there was no documented oversight, review, or approval of the information entered.

The School Corporation had not established effective controls to ensure that criteria for determining the eligibility of children for free and reduced price meals was publicly announced as required. Policy statements used for public announcement of eligibility criteria and other eligibility information were not presented for audit.

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

Context

The lack of controls and lack of documentation regarding compliance were systemic issues throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.5(a) states in part:

"After the State agency, or FNSRO where applicable, notifies the local educational agency (as defined in § 245.2) that its criteria for determining the eligibility of children for free and reduced price meals and for free milk have been approved, the local educational agency (as defined in § 245.2) shall publicly announce such criteria: *Provided however*, that no such public announcement shall be required for boarding schools, residential child care institutions (see § 210.2 of this chapter, definition of *Schools*), or a school which includes food service fees in its tuition, where all attending children are provided the same meals or milk. Such announcements shall be made at the beginning of each school year or, if notice of approval is given thereafter, within 10 days after the notice is received. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Effect

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

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not established controls to ensure compliance with its procurement policy, which was in compliance with 2 CFR 200.320, and the suspension and debarment requirements.

Procurement

The School Corporation did not obtain an adequate number of price or rate quotes for small purchases exceeding \$3,500 in accordance with its procurement policy.

Suspension and Debarment

The School Corporation did not perform procedures addressed in its procurement policy to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The School Corporation did not obtain three price or rate quotes for any of the three vendors tested for which the requirement applied. The School Corporation performed procedures to verify that one of the three contractors had not been suspended or debarred.

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

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

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

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

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

2 CFR 200.320 states in part:

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

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

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

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

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

2 CFR 180.300 states:

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

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

You do this by:

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

2 CFR 180.300 states:

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

You do this by:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not designed or implemented adequate controls to ensure program income was correctly recorded. There was no comparison or review of total daily, weekly, or monthly program income from meals served reports to ensure only income for meals served was recorded as program income.

The School Corporation did not comply with program income requirements. Prepaid meal collections were commingled with collections from sales of meals, ala-carte, and catering and recorded as program income. Based upon reports of meals served and collections from ala-carte and catering, program income transfers for the four months tested exceeded recorded program income by \$21,015. When projected to the population, transfers exceeded program income based upon sales of meals by \$81,766.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

7 CFR 210.14(c) states:

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

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

7 CFR 220.7(e) states in part:

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

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

7 CFR 225.6(e) states in part:

"State-Sponsor Agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

- (12) Maintain a financial management system as prescribed by the State agency; . . ."

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

7 CFR 3016.20(b)(2) states:

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

2 CFR 200.302(b)(3) states:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-006

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition

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

The Annual Financial Reports submitted did not agree with the School Corporation's underlying financial records. For fiscal year 2015, income was understated by \$84,594 and expenses were overstated by \$6,168. Income and expenses for fiscal year 2016 were overstated by \$10,453 and \$3,485, respectively.

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

Context

The lack of controls was a systemic issue that affected all reports submitted during the audit period. Both of the Annual Financial Reports submitted during the audit period did not agree with the underlying financial records.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

2 CFR 200.302(b)(3) states:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-007

Subject: Title I Grants to Local Educational Agencies - Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-8020, 15-8020, FY-2015,
FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles; Matching, Level
of Effort, Earmarking; Special Tests and
Provisions - Schoolwide Programs

Audit Finding: Material Weakness

Condition

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

Allowable Costs/Cost Principles

A proper system of oversight or review was not established to ensure that the payroll and related benefits recorded in the grant funds were only for allowable costs per the grant agreement. Time records for employees paid from Title I funds were not reviewed by a knowledgeable party to ensure appropriate records of hours worked were maintained and agreed to amounts paid. Claims for fringe benefits were not reviewed by a knowledgeable party to ensure only the fringe benefits of Title I staff were charged to grant funds.

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

Earmarking

The School Corporation had not established controls to ensure that both grant imposed and School Corporation earmarks were properly budgeted and monitored.

Special Tests and Provisions - Schoolwide Programs

The Title I Director prepared the School Improvement Plans without a documented review or approval of the plans prior to submission to the Indiana Department of Education.

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 grant agreement and the compliance requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

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

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 2016-008

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-8020, 15-8020, FY-2015, FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation had not established internal controls to ensure that proper written documentation was retained which supported the student's removal from the high school cohort graduation rate for mobility reasons.

Proper documentation for a transfer would have consisted of either a signed transcript request on the receiving school's letterhead, or a signed acknowledgement of enrollment on the receiving school's letter head. Such documentation was not retained to support the mobility status for two transfer students selected for testing.

Context

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

Criteria

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 200.19(b) states in part:

"*High schools—*

(1) *Graduation rate.* Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class . . .

(ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term 'students who transfer into the cohort' means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . .

(2) *Transitional graduation rate.*

(i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—

(A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number or years; or . . .

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

- (ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—
- (A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;
 - (B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and
 - (C) A dropout may not be counted as a transfer. . . ."

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

FINDING 2016-009

Subject: Special Education Cluster (IDEA) - Reporting
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, Special Education Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

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

Condition

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

Effective internal controls were not established for review of two of the three Data Collection Reports - Termination Report and Disciplinary (Expulsion and Suspension) Report.

The Special Education Cooperative prepared the Termination Report and provided the report to the School Corporation for review; however, documentation of a review of the Termination Report, which would have included comparison of the information used to prepare the Termination Report was not provided. The Disciplinary (Expulsion and Suspension) Report was prepared by the School Corporation and submitted without a documented review of the report prior to submission.

Context

The lack of an effective internal control system related to the Reporting compliance requirement was isolated to the two Data Collection Reports.

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 had not established a proper internal control structure that would have ensured that documentation was maintained and available for audit to support a review of the Data Collection Reports related to the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-01

Fiscal Year in which the finding initially occurred: FY 2012-13 2013-14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Dept. Education
"Special Education Cluster"

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426

Status of Audit Finding:

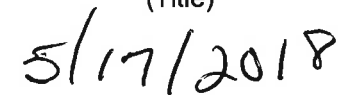
As of April 1, 2016 the Covered Bridge Cooperative Treasurer submits requests for reimbursement based upon actual expenses incurred – rather than the appropriation report.

South Vermillion Business Manager receives adequate proof of the expenditures from Cooperative records (via email) to ensure proper reimbursement is being requested.



(Signature)

Business Manager
(Title)



(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Fiscal Year in which the finding initially occurred: FY 2012-13 2013-14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Dept. of Agriculture
"School Breakfast, National School Lunch Program, Summer Food Service"

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426

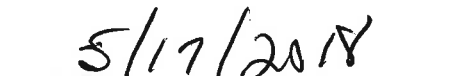
Status of Audit Finding:

Effective October 1, 2016, free/reduced applications will be certified by the Food Service Supervisor. The South Vermillion High School Treasurer is now responsible for the annual meal verification.



(Signature)

Business Manager
(Title)



(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal Year in which the finding initially occurred: FY 2012-13 2013-14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Dept. of Agriculture
"School Breakfast, National School Lunch Program, Summer Food Service"

Contact Person Responsible for Corrective Action: Cindy Guinn

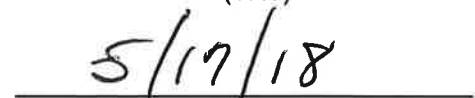
Contact Phone Number: 765-832-2426

Status of Audit Finding:

Effective June 30, 2014, the Food Service Supervisor ensures that time and effort records for employees paid from the Child Nutrition programs are prepared each six-month period and submitted to the Central Office for documentation of said wages.


(Signature)

Business Manager
(Title)


(Date)

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004

Fiscal Year in which the finding initially occurred: FY 2012-13 2013-14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Dept. of Agriculture
"School Breakfast, National School Lunch Program, Summer Food Service"

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426

Status of Audit Finding:

Effective June 30, 2015, South Vermillion cafeterias proved annual inventory of all major equipment with a value over \$5,000. This equipment is included in South Vermillion's fixed asset inventory report ending June 30, 2016.

(Signature)

Business Manager

(Title)

(Date)

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-005

Fiscal Year in which the finding initially occurred: FY 2012-13 2013-14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Dept. of Education
"Title I Grants to Local Educational Agencies"

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426

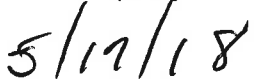
Status of Audit Finding:

Effective April 1, 2016, the Title I Director approves the monthly reimbursement requests submitted by the Corporation Business Manager/Treasurer - as well as the annual expenditure report. Each report is then returned to the Business Manager for safekeeping in the Title I fund files.



(Signature)

Business Manager
(Title)



(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2016-001

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426

Views of Responsible Official:

We concur with the finding(s)


Description of Corrective Action Plan:

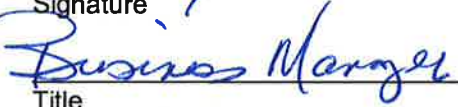
Receipts – Cindy Guinn (Treasurer/Business Manager) will have Stephanie Farrington (Payroll/Personnel) confirm deposits and sign off on the bank deposit slip and the receipt posting report through the software system.


Payroll Related Disbursements – Stephanie Farrington (Payroll/Personnel) will run payroll reports for each payroll that confirm that employees are paid from the proper funds. This report will be reviewed by the Treasurer/Business Manager to ensure accuracy.

Schedule of Expenditures – The SEFA report will be reviewed by Dave Chapman (Superintendent) to ensure accuracy prior to submission to the Indiana Gateway System.

Anticipated Completion Date: July 1, 2018



Signature


Title


Date

765-832-2426

FAX: 765-832-7391

WWW.SVCS.K12.IN.US

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-002

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Repeat Finding (2014-002) – Once the free and reduced applications are certified by the Food Service director, Kim Bryant (High School Treasurer) is completing the Annual Meal Verification (October each year). This was corrected 10/1/16.

Cash Management - The Food Service Director will have documented controls in place to calculate a three-month average of expenditures for comparison to monthly cash balance and verify that the calculation and comparison was performed.

Special Tests and Provisions – The school treasurers will verify free/reduced price applications and perform the calculations. The Food Service Director will then review/approve to ensure accuracy.

Anticipated Completion Date: July 1, 2018

Debbie L Ballock
Signature

FSD
Title

7/24/18
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-003

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Material Weakness – Once the Food Service Director enters the eligibility parameters into Harmony, Stephanie Farrington (Payroll/Personnel) will verify that they were properly entered. Each school treasurer will verify the individual meal applications - prior to submitting to the Food Service Director for approval. Individual determinations will be well documented.

The public announcement for determining the eligibility of children for free and reduced meal prices will be available at centralized registration, each school office and will be available on the corporation's website.

Anticipated Completion Date: July 1, 2018

Debbie L Ballock
Signature

FSD
Title

7/24/18
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-004

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Procurement – The Food Service Director will obtain additional pricing or quotes for small purchases exceeding \$3,500.

Suspension and Debarment – The Food Service Director will verify that vendors are not suspended or debarred from participation in federal programs prior to entering into a contract.

Anticipated Completion Date: July 1, 2018

Debbie Ballock

Signature

FSD

Title

7/24/18

Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-005

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426


Views of Responsible Official:

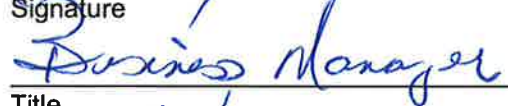
We concur with the finding(s)


Description of Corrective Action Plan:

Material Weakness – The Business Manager will request monthly program income reports from each school to ensure that only amounts for meals served are transferred as program income. This will be attached to each check the school submits to central office.

Anticipated Completion Date: July 1, 2018



Signature


Title


Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-006

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Material Weakness – The Annual Financial Reports, Monthly Sponsor Claims for Reimbursement and School Food Authority (SFA) Verification Collection Reports will be prepared by the Food Service Director and submitted to central office for review prior to submission.

Anticipated Completion Date: July 1, 2018

Debbie L. Ballock

Signature

FSA

Title

7/24/18

Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-007

Contact Person Responsible for Corrective Action: Jennifer French

Contact Phone Number: 765-832-2426

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Allowable Costs – The Title I Director will ensure that payroll and related benefits are allowable costs per the grant agreement (time records). Claims for fringe benefits will also be reviewed by the Title I Director to ensure only the fringe benefits of Title I staff are charged to grant funds.

Special Tests and Provisions – The Title I Director will prepare the School Improvement Plans and they will be approved by the Superintendent prior to submission to the Indiana Department of Education (IDOE).

Anticipated Completion Date: July 1, 2018

J French
Signature

DIRECTOR OF C&I
Title

7/18/18
Date



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-008

Contact Person Responsible for Corrective Action: Mark Schimmel, SVHS Principal

Contact Phone Number: 765-832-5307

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Material Weakness –

see attached

Anticipated Completion Date: July 1, 2018

Signature

Title

Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits

South Vermillion High School

Superintendent: Mr. David Chapman
Principal: Mr. Mark Schimmel
Assistant Principal: Mr. Rodney Idlewine
Athletic Director: Mr. Tim Terry

770 West Wildcat Drive
Clinton, IN 47842
Phone: 765-832-3551
Fax: 765-832-5310

Twitter @SVHSWildcats

HS Grad Compliance

July 2018

South Vermillion High School and the Guidance Department do it's best to keep accurate accounts of students who withdraw from school. When a student withdraws from our building, we wait to receive a records request form from the enrolling school. Once that request is received, we provide them with the information needed and communicate with them via phone/email to verify that the student enrolled. We also verify by checking the RT records on the STN Application Center.

If the student doesn't enroll with the school, then South Vermillion High School makes efforts to obtain his/her current whereabouts. This can be done by phone calls, certified letters to the last known address, or home visits by administration. If it is determined that the student withdrew from our building but didn't enroll anywhere else, then we will mark that student as a dropout with the appropriate withdraw code in our student management system.



Mr. Mark Schimmel
Principal, South Vermillion High School



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-009

Contact Person Responsible for Corrective Action: Jennifer Fossi, Dir. Of Technology

Contact Phone Number: 765-832-2426

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

*Data Collection Reports - Maintain records of uploaded data files, signed upload results by responsible staff member.
- maintain digital files of reports in one central drive on server.*

Anticipated Completion Date: July 1, 2018

Jennifer Fossi
Signature
Technology Director
Title
07-17-18
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits

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/>.