

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SCOTT COUNTY SCHOOL DISTRICT 1
SCOTT COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
08/31/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathie Bowling Jami Parks	07-01-14 to 01-14-18 01-15-18 to 06-30-19
Superintendent of Schools	Robert Anderson	07-01-14 to 06-30-19
President of the School Board	Linda Spicer Kathy Morris Joie Bukowski Ryan Payne Kathy Morris	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCOTT COUNTY SCHOOL DISTRICT 1, SCOTT COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Scott County School District 1 (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 and the Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 20, 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 20, 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 SCOTT COUNTY SCHOOL DISTRICT 1, SCOTT 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 Scott County School District 1 (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 20, 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 material weaknesses.

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 items 2016-001 and 2016-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free 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 items 2016-001 and 2016-002.

Scott County School District 1'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 20, 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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SCOTT COUNTY SCHOOL DISTRICT 1
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	\$ 2,944,268	\$ 9,331,208	\$ 9,070,603	\$ 461	\$ 3,205,334	\$ 8,653,085	\$ 8,785,705	\$ 175	\$ 3,072,889
Debt Service	406,913	1,264,017	1,240,942	-	429,988	1,304,962	1,268,943	-	466,007
Retirement/Severance Bond Debt Service	72,531	144,022	158,638	-	57,915	150,597	151,820	-	56,692
Capital Projects	908,733	650,009	834,427	-	724,315	707,976	926,241	-	506,050
School Transportation	(20,826)	276,588	193,878	-	61,884	264,484	336,115	-	(9,747)
School Bus Replacement	57,814	110,716	51,023	-	117,507	10,972	51,689	-	76,790
Rainy Day	1,000,000	-	-	-	1,000,000	-	-	-	1,000,000
Retirement/Severance Bond	20,583	-	-	-	20,583	-	-	-	20,583
School Lunch	66,382	635,115	662,458	-	39,039	550,234	613,225	-	(23,952)
Textbook Rental	(49,632)	106,936	22,433	-	34,871	106,806	28,666	-	113,011
Levy Excess	-	25	-	-	25	-	-	-	25
Joint Services and Supply - Other	1,310	-	-	-	1,310	-	-	-	1,310
Educational License Plates	5,133	94	-	-	5,227	206	-	-	5,433
Elementary Music Department Donation	500	-	206	-	294	-	-	-	294
Walmart Teacher of Year McIntosh	272	-	-	-	272	(272)	73	-	(73)
Walmart Teacher of Year Atkins/Plasse	213	-	69	-	144	-	-	-	144
Community Foundation Grants	50	2,106	2,106	-	50	1,809	-	-	1,859
Target Field Trip Grant	-	700	294	-	406	-	-	-	406
Box Top Fund AES	10,331	-	-	-	10,331	-	-	-	10,331
Kids First Fund	15,954	3,500	3,267	-	16,187	3,500	47	-	19,640
SSU "Candy Factory" Fund AMS	415	1,977	917	-	1,475	525	1,226	-	774
We Care Fund	-	26,347	26,347	-	-	24,847	24,847	-	-
Blessings in a Backpack	403	3,043	1,172	-	2,274	2,928	3,539	-	1,663
Formative Assessment	-	-	-	-	-	14,163	-	-	14,163
Gifted and Talented Fund	815	28,488	27,488	-	1,815	29,546	2,557	-	28,804
Secured Schools Safety Grant	(17,637)	41,731	37,791	-	(13,697)	18,982	8,146	-	(2,861)
School Technology	12,524	298,029	410,454	149	(99,752)	304,797	213,052	-	(8,007)
Graduation Performance Award	20,000	-	-	-	20,000	-	-	-	20,000
ECESC ADOL Literacy Grant	70	-	-	-	70	(70)	-	-	-
Scott County Community Channel	11,765	-	17,924	22,949	16,790	-	22,500	19,431	13,721
Title I	(32,626)	-	-	-	(32,626)	32,626	-	-	-
Title I 2013-2014	(14,789)	126,958	77,785	-	34,384	(32,626)	-	-	1,758
Title I 2015	-	262,304	284,732	-	(22,428)	101,695	79,267	-	-
Title I 2015-2016	-	-	-	-	-	254,177	280,465	-	(26,288)
Title I 2011-2012	(28,069)	-	-	-	(28,069)	-	-	-	(28,069)
Drug Free Schools	(6,530)	-	-	-	(6,530)	-	-	-	(6,530)
21st Century Learning Center Grant 10-14	1,129	-	-	-	1,129	-	-	-	1,129
21st Century Learning Center Grant 13-14	(392)	1,493	1,102	-	(1)	-	-	-	(1)
21st Century Learning Center Grant 14-15	(13,372)	252,144	332,105	-	(93,333)	111,461	-	-	18,128
21st CCLC	-	-	32,369	-	(32,369)	265,773	263,892	-	(30,488)
21st Century Learning Center	-	-	-	-	-	-	15,790	-	(15,790)
ALC Donation Fund	328	3,830	1,910	-	2,248	8,506	1,410	-	9,344
Improving Teacher Quality, No Child Left, Title II, Part A	(5,883)	-	-	-	(5,883)	-	-	-	(5,883)
Title II Part A Class Size FY12	(13,960)	65,193	50,831	-	402	-	-	-	402
Title II Part A Class Size FY14	-	96,440	96,842	-	(402)	-	-	-	(402)
Title II Part A Class Size FY15	-	-	-	-	-	19,236	28,894	-	(9,658)
Rural Schools and Low Income Program - Pass Through State	(3,379)	-	-	-	(3,379)	-	-	-	(3,379)
Title VI Rural Low Income	-	25,439	25,439	-	-	-	-	-	-
Title III - English Proficiency Migrant	1,607	-	-	-	1,607	-	-	-	1,607
Title I - Grants to LEAs	(101,239)	-	-	-	(101,239)	-	-	-	(101,239)
Payroll	(2,757)	2,379,403	2,402,543	-	(25,897)	2,351,169	2,300,846	-	24,426
Totals	\$ 5,248,952	\$ 16,137,855	\$ 16,068,095	\$ 23,559	\$ 5,342,271	\$ 15,262,094	\$ 15,408,955	\$ 19,606	\$ 5,215,016

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

SCOTT COUNTY SCHOOL DISTRICT 1
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.

SCOTT COUNTY SCHOOL DISTRICT 1
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

SCOTT COUNTY SCHOOL DISTRICT 1
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

SCOTT COUNTY SCHOOL DISTRICT 1
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in

SCOTT COUNTY SCHOOL DISTRICT 1
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts

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

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of disbursement exceeding available revenue and some reimbursements made for expenditures under grant programs not being received by year end.

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Scott County 1998 School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during fiscal years 2015 and 2016 totaled \$579,000 and \$561,000, respectively.

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 are 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.

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,944,268	\$ 406,913	\$ 72,531	\$ 908,733	\$ (20,826)	\$ 57,814	\$ 1,000,000	\$ 20,583	\$ 66,382
Receipts:									
Local sources	169,057	1,264,017	144,022	650,009	276,588	110,716	-	-	170,724
Intermediate sources	4	-	-	-	-	-	-	-	-
State sources	9,162,147	-	-	-	-	-	-	-	1,566
Federal sources	-	-	-	-	-	-	-	-	462,825
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	9,331,208	1,264,017	144,022	650,009	276,588	110,716	-	-	635,115
Disbursements:									
Instruction	5,763,476	-	-	-	-	-	-	-	-
Support services	2,999,365	-	-	646,837	193,878	51,023	-	-	-
Noninstructional services	307,762	-	-	-	-	-	-	-	662,458
Facilities acquisition and construction	-	-	-	187,590	-	-	-	-	-
Debt service	-	1,240,942	158,638	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,070,603	1,240,942	158,638	834,427	193,878	51,023	-	-	662,458
Excess (deficiency) of receipts over disbursements	260,605	23,075	(14,616)	(184,418)	82,710	59,693	-	-	(27,343)
Other financing sources (uses):									
Sale of capital assets	461	-	-	-	-	-	-	-	-
Total other financing sources (uses)	461	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	261,066	23,075	(14,616)	(184,418)	82,710	59,693	-	-	(27,343)
Cash and investments - ending	\$ 3,205,334	\$ 429,988	\$ 57,915	\$ 724,315	\$ 61,884	\$ 117,507	\$ 1,000,000	\$ 20,583	\$ 39,039

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Textbook Rental	Levy Excess	Joint Services and Supply - Other	Educational License Plates	Elementary Music Department Donation	Walmart Teacher of Year McIntosh	Walmart Teacher of Year Atkins/Plasse	Community Foundation Grants
Cash and investments - beginning	\$ (49,632)	\$ -	\$ 1,310	\$ 5,133	\$ 500	\$ 272	\$ 213	\$ 50
Receipts:								
Local sources	37,253	-	-	-	-	-	-	2,106
Intermediate sources	-	-	-	94	-	-	-	-
State sources	69,683	25	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	106,936	25	-	94	-	-	-	2,106
Disbursements:								
Instruction	-	-	-	-	206	-	69	2,106
Support services	22,433	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	22,433	-	-	-	206	-	69	2,106
Excess (deficiency) of receipts over disbursements	84,503	25	-	94	(206)	-	(69)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	84,503	25	-	94	(206)	-	(69)	-
Cash and investments - ending	\$ 34,871	\$ 25	\$ 1,310	\$ 5,227	\$ 294	\$ 272	\$ 144	\$ 50

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Target Field Trip Grant	Box Top Fund AES	Kids First Fund	SSU "Candy Factory" Fund AMS	We Care Fund	Blessings in a Backpack	Formative Assessment	Gifted and Talented Fund	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 10,331	\$ 15,954	\$ 415	\$ -	\$ 403	\$ -	\$ 815	\$ (17,637)
Receipts:									
Local sources	700	-	3,500	1,977	26,347	3,043	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	28,488	41,731
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	700	-	3,500	1,977	26,347	3,043	-	28,488	41,731
Disbursements:									
Instruction	294	-	-	917	-	1,172	-	27,488	-
Support services	-	-	559	-	-	-	-	-	2,250
Noninstructional services	-	-	2,708	-	26,347	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	35,541
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	294	-	3,267	917	26,347	1,172	-	27,488	37,791
Excess (deficiency) of receipts over disbursements	406	-	233	1,060	-	1,871	-	1,000	3,940
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	406	-	233	1,060	-	1,871	-	1,000	3,940
Cash and investments - ending	\$ 406	\$ 10,331	\$ 16,187	\$ 1,475	\$ -	\$ 2,274	\$ -	\$ 1,815	\$ (13,697)

SCOTT COUNTY SCHOOL DISTRICT 1
 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	Graduation Performance Award	ECESC ADOL Literacy Grant	Scott County Community Channel	Title I	Title I 2013-2014	Title I 2015	Title I 2015-2016	Title I 2011-2012
Cash and investments - beginning	\$ 12,524	\$ 20,000	\$ 70	\$ 11,765	\$ (32,626)	\$ (14,789)	\$ -	\$ -	\$ (28,069)
Receipts:									
Local sources	6,093	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	291,936	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	126,958	262,304	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	298,029	-	-	-	-	126,958	262,304	-	-
Disbursements:									
Instruction	-	-	-	8,236	-	72,482	249,477	-	-
Support services	410,454	-	-	9,688	-	5,303	35,255	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	410,454	-	-	17,924	-	77,785	284,732	-	-
Excess (deficiency) of receipts over disbursements	(112,425)	-	-	(17,924)	-	49,173	(22,428)	-	-
Other financing sources (uses):									
Sale of capital assets	149	-	-	22,949	-	-	-	-	-
Total other financing sources (uses)	149	-	-	22,949	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(112,276)	-	-	5,025	-	49,173	(22,428)	-	-
Cash and investments - ending	\$ (99,752)	\$ 20,000	\$ 70	\$ 16,790	\$ (32,626)	\$ 34,384	\$ (22,428)	\$ -	\$ (28,069)

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Drug Free Schools	21st Century Learning Center Grant 10-14	21st Century Learning Center Grant 13-14	21st Century Learning Center Grant 14-15	21st CCLC	21st Century Learning Center	ALC Donation Fund	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ (6,530)	\$ 1,129	\$ (392)	\$ (13,372)	\$ -	\$ -	\$ 328	\$ (5,883)
Receipts:								
Local sources	-	-	-	-	-	-	3,830	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	1,493	252,144	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	1,493	252,144	-	-	3,830	-
Disbursements:								
Instruction	-	-	1,102	332,105	32,369	-	1,910	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,102	332,105	32,369	-	1,910	-
Excess (deficiency) of receipts over disbursements	-	-	391	(79,961)	(32,369)	-	1,920	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	391	(79,961)	(32,369)	-	1,920	-
Cash and investments - ending	\$ (6,530)	\$ 1,129	\$ (1)	\$ (93,333)	\$ (32,369)	\$ -	\$ 2,248	\$ (5,883)

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Title II Part A Class Size FY12	Title II Part A Class Size FY14	Title II Part A Class Size FY15	Rural Schools and Low Income Program - Pass Through State	Title VI Rural Low Income	Title III - English Proficiency Migrant	Title I - Grants to LEAs	Payroll	Totals
Cash and investments - beginning	\$ (13,960)	\$ -	\$ -	\$ (3,379)	\$ -	\$ 1,607	\$ (101,239)	\$ (2,757)	\$ 5,248,952
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,869,982
Intermediate sources	-	-	-	-	-	-	-	-	98
State sources	-	-	-	-	-	-	-	-	9,595,576
Federal sources	65,193	96,440	-	-	25,439	-	-	-	1,292,796
Other receipts	-	-	-	-	-	-	-	2,379,403	2,379,403
Total receipts	65,193	96,440	-	-	25,439	-	-	2,379,403	16,137,855
Disbursements:									
Instruction	50,831	96,842	-	-	25,439	-	-	-	6,666,521
Support services	-	-	-	-	-	-	-	-	4,377,045
Noninstructional services	-	-	-	-	-	-	-	-	999,275
Facilities acquisition and construction	-	-	-	-	-	-	-	-	223,131
Debt service	-	-	-	-	-	-	-	-	1,399,580
Nonprogrammed charges	-	-	-	-	-	-	-	2,402,543	2,402,543
Total disbursements	50,831	96,842	-	-	25,439	-	-	2,402,543	16,068,095
Excess (deficiency) of receipts over disbursements	14,362	(402)	-	-	-	-	-	(23,140)	69,760
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	23,559
Total other financing sources (uses)	-	-	-	-	-	-	-	-	23,559
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,362	(402)	-	-	-	-	-	(23,140)	93,319
Cash and investments - ending	\$ 402	\$ (402)	\$ -	\$ (3,379)	\$ -	\$ 1,607	\$ (101,239)	\$ (25,897)	\$ 5,342,271

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 3,205,334	\$ 429,988	\$ 57,915	\$ 724,315	\$ 61,884	\$ 117,507	\$ 1,000,000	\$ 20,583	\$ 39,039
Receipts:									
Local sources	222,716	1,304,962	150,597	707,976	264,484	10,972	-	-	130,461
Intermediate sources	5	-	-	-	-	-	-	-	-
State sources	8,430,364	-	-	-	-	-	-	-	1,851
Federal sources	-	-	-	-	-	-	-	-	417,922
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,653,085	1,304,962	150,597	707,976	264,484	10,972	-	-	550,234
Disbursements:									
Instruction	5,615,582	-	-	-	-	-	-	-	-
Support services	2,897,373	-	-	660,061	336,115	51,689	-	-	-
Noninstructional services	272,750	-	-	-	-	-	-	-	613,225
Facilities acquisition and construction	-	-	-	266,180	-	-	-	-	-
Debt service	-	1,268,943	151,820	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,785,705	1,268,943	151,820	926,241	336,115	51,689	-	-	613,225
Excess (deficiency) of receipts over disbursements	(132,620)	36,019	(1,223)	(218,265)	(71,631)	(40,717)	-	-	(62,991)
Other financing sources (uses):									
Sale of capital assets	175	-	-	-	-	-	-	-	-
Total other financing sources (uses)	175	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(132,445)	36,019	(1,223)	(218,265)	(71,631)	(40,717)	-	-	(62,991)
Cash and investments - ending	\$ 3,072,889	\$ 466,007	\$ 56,692	\$ 506,050	\$ (9,747)	\$ 76,790	\$ 1,000,000	\$ 20,583	\$ (23,952)

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Textbook Rental	Levy Excess	Joint Services and Supply - Other	Educational License Plates	Elementary Music Department Donation	Walmart Teacher of Year McIntosh	Walmart Teacher of Year Atkins/Plasse	Community Foundation Grants
Cash and investments - beginning	\$ 34,871	\$ 25	\$ 1,310	\$ 5,227	\$ 294	\$ 272	\$ 144	\$ 50
Receipts:								
Local sources	38,535	-	-	-	-	(272)	-	1,809
Intermediate sources	-	-	-	206	-	-	-	-
State sources	68,271	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	106,806	-	-	206	-	(272)	-	1,809
Disbursements:								
Instruction	-	-	-	-	-	73	-	-
Support services	28,666	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	28,666	-	-	-	-	73	-	-
Excess (deficiency) of receipts over disbursements	78,140	-	-	206	-	(345)	-	1,809
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	78,140	-	-	206	-	(345)	-	1,809
Cash and investments - ending	\$ 113,011	\$ 25	\$ 1,310	\$ 5,433	\$ 294	\$ (73)	\$ 144	\$ 1,859

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Target Field Trip Grant	Box Top Fund AES	Kids First Fund	SSU "Candy Factory" Fund AMS	We Care Fund	Blessings in a Backpack	Formative Assessment	Gifted and Talented Fund	Secured Schools Safety Grant
Cash and investments - beginning	\$ 406	\$ 10,331	\$ 16,187	\$ 1,475	\$ -	\$ 2,274	\$ -	\$ 1,815	\$ (13,697)
Receipts:									
Local sources	-	-	3,500	525	24,847	2,928	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	14,163	29,546	18,982
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	3,500	525	24,847	2,928	14,163	29,546	18,982
Disbursements:									
Instruction	-	-	-	1,226	-	3,539	-	2,557	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	47	-	24,847	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	8,146
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	47	1,226	24,847	3,539	-	2,557	8,146
Excess (deficiency) of receipts over disbursements	-	-	3,453	(701)	-	(611)	14,163	26,989	10,836
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	3,453	(701)	-	(611)	14,163	26,989	10,836
Cash and investments - ending	\$ 406	\$ 10,331	\$ 19,640	\$ 774	\$ -	\$ 1,663	\$ 14,163	\$ 28,804	\$ (2,861)

SCOTT COUNTY SCHOOL DISTRICT 1
 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	Graduation Performance Award	ECESC ADOL Literacy Grant	Scott County Community Channel	Title I	Title I 2013-2014	Title I 2015	Title I 2015-2016	Title I 2011-2012
Cash and investments - beginning	\$ (99,752)	\$ 20,000	\$ 70	\$ 16,790	\$ (32,626)	\$ 34,384	\$ (22,428)	\$ -	\$ (28,069)
Receipts:									
Local sources	14,449	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	290,348	-	(70)	-	-	-	-	-	-
Federal sources	-	-	-	-	32,626	(32,626)	101,695	254,177	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	304,797	-	(70)	-	32,626	(32,626)	101,695	254,177	-
Disbursements:									
Instruction	-	-	-	14,060	-	-	70,634	259,781	-
Support services	213,052	-	-	8,440	-	-	8,633	20,684	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	213,052	-	-	22,500	-	-	79,267	280,465	-
Excess (deficiency) of receipts over disbursements	91,745	-	(70)	(22,500)	32,626	(32,626)	22,428	(26,288)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	19,431	-	-	-	-	-
Total other financing sources (uses)	-	-	-	19,431	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	91,745	-	(70)	(3,069)	32,626	(32,626)	22,428	(26,288)	-
Cash and investments - ending	\$ (8,007)	\$ 20,000	\$ -	\$ 13,721	\$ -	\$ 1,758	\$ -	\$ (26,288)	\$ (28,069)

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Drug Free Schools	21st Century Learning Center Grant 10-14	21st Century Learning Center Grant 13-14	21st Century Learning Center Grant 14-15	21st CCLC	21st Century Learning Center	ALC Donation Fund	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ (6,530)	\$ 1,129	\$ (1)	\$ (93,333)	\$ (32,369)	\$ -	\$ 2,248	\$ (5,883)
Receipts:								
Local sources	-	-	-	-	-	-	8,506	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	111,461	265,773	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	111,461	265,773	-	8,506	-
Disbursements:								
Instruction	-	-	-	-	263,892	15,790	1,410	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	263,892	15,790	1,410	-
Excess (deficiency) of receipts over disbursements	-	-	-	111,461	1,881	(15,790)	7,096	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	111,461	1,881	(15,790)	7,096	-
Cash and investments - ending	\$ (6,530)	\$ 1,129	\$ (1)	\$ 18,128	\$ (30,488)	\$ (15,790)	\$ 9,344	\$ (5,883)

SCOTT COUNTY SCHOOL DISTRICT 1
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title II Part A Class Size FY12	Title II Part A Class Size FY14	Title II Part A Class Size FY15	Rural Schools and Low Income Program - Pass Through State	Title VI Rural Low Income	Title III - English Proficiency Migrant	Title I - Grants to LEAs	Payroll	Totals
Cash and investments - beginning	\$ 402	\$ (402)	\$ -	\$ (3,379)	\$ -	\$ 1,607	\$ (101,239)	\$ (25,897)	\$ 5,342,271
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,886,995
Intermediate sources	-	-	-	-	-	-	-	-	211
State sources	-	-	-	-	-	-	-	-	8,853,455
Federal sources	-	-	19,236	-	-	-	-	-	1,170,264
Other receipts	-	-	-	-	-	-	-	2,351,169	2,351,169
Total receipts	-	-	19,236	-	-	-	-	2,351,169	15,262,094
Disbursements:									
Instruction	-	-	28,894	-	-	-	-	-	6,277,438
Support services	-	-	-	-	-	-	-	-	4,224,713
Noninstructional services	-	-	-	-	-	-	-	-	910,869
Facilities acquisition and construction	-	-	-	-	-	-	-	-	274,326
Debt service	-	-	-	-	-	-	-	-	1,420,763
Nonprogrammed charges	-	-	-	-	-	-	-	2,300,846	2,300,846
Total disbursements	-	-	28,894	-	-	-	-	2,300,846	15,408,955
Excess (deficiency) of receipts over disbursements	-	-	(9,658)	-	-	-	-	50,323	(146,861)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	19,606
Total other financing sources (uses)	-	-	-	-	-	-	-	-	19,606
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(9,658)	-	-	-	-	50,323	(127,255)
Cash and investments - ending	\$ 402	\$ (402)	\$ (9,658)	\$ (3,379)	\$ -	\$ 1,607	\$ (101,239)	\$ 24,426	\$ 5,215,016

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SCOTT COUNTY SCHOOL DISTRICT 1
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date
Governmental activities:			
Apple Financial	1:1 Technology Devices	\$ 35,022	6/16/2014
Apple Financial	1:1 Technology Devices	28,844	5/25/2015
Scott County 1998 School Building Corporation	Lease Rental Building Holding Corporation	<u>534,000</u>	7/5/2005
Total of annual lease payments		<u><u>\$ 597,866</u></u>	

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Veterans Memorial Loans	\$ 25,000	\$ 10,250
Notes and loans payable	Common School Loans	4,733,651	738,010
Bond payable	Severance Bonds	<u>1,055,000</u>	<u>80,064</u>
Total governmental activities		<u>5,813,651</u>	<u>828,324</u>
Totals		<u><u>\$ 5,813,651</u></u>	<u><u>\$ 828,324</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE SCOTT COUNTY SCHOOL DISTRICT 1, SCOTT COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Scott County School District 1'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, Title I Grants to Local Educational Agencies, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers

As described in item 2016-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Child Nutrition Cluster program. 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)

As described in item 2016-010 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Twenty-First Century Community Learning Centers. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

As described in item 2016-007 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Title I Grant to Local Educational Agencies, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers programs regarding Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the programs.

Qualified Opinion on Child Nutrition Cluster, Title I Grants to Local Educational Agencies, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster, Title I Grants to Local Educational Agencies, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers* paragraphs, 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 and Twenty-First Century Community Learning Centers for the period of July 1, 2014 to June 30, 2016.

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of its Title I Grant to Local Educational Agencies, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers programs regarding Matching, Level of Effort, Earmarking, described in the *Basis for Qualified Opinion on Child Nutrition Cluster, Title I Grants to Local Educational Agencies, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers* paragraphs, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its Title I Grants to Local Educational Agencies, Special Education Cluster (IDEA), and Twenty-First Century Community Learning Centers for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-005, 2016-006, 2016-008, and 2016-011. 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

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


expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, and 2016-011 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

July 20, 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.

SCOTT COUNTY SCHOOL DISTRICT 1
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	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			SY 14-15	\$ 118,998	\$ -
			SY 15-16	-	103,646
Total - School Breakfast Program				118,998	103,646
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			SY 14-15	343,827	-
			SY 15-16	-	314,249
National School Lunch Program - Commodities			SY 14-15	35,468	-
			SY 15-16	-	32,327
Total - National School Lunch Program				379,295	346,576
Total - Child Nutrition Cluster				498,293	450,222
Total - Department of Agriculture				498,293	450,222
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Part A, FY 2013-14			14-7230	126,958	-
Part A, FY 2014-15			15-7230	262,304	101,695
Part A, FY 2015-16			16-7230	-	254,177
Total - Title I Grants to Local Educational Agencies				389,262	355,872
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287			
Austin Learning Center			A58-0-10DL-122	1,493	-
Austin Learning Center			A58-5-15DL-0160	252,144	93,334
Austin Learning Center			A58-6-16DL-3056	-	283,901
Total - Twenty-First Century Community Learning Centers				253,637	377,235

SCOTT COUNTY SCHOOL DISTRICT 1
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	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
Rural Education Rural and Low Income Grant	Indiana Department of Education	84.358	FY 13	<u>25,439</u>	<u>-</u>
Improving Teacher Quality State Grants Title IIA FY 12 Title IIA FY 14 Title IIA FY 15	Indiana Department of Education	84.367	12-7230 14-7230 15-7230	65,193 96,440 <u>-</u>	- - <u>19,236</u>
Total - Improving Teacher Quality State Grants				<u>161,633</u>	<u>19,236</u>
Special Education Cluster (IDEA) Special Education Grants to States	Indiana Department of Education	84.027	14213-038-PN01 14214-157-PN01 99914-157-PN01 14215-038-PN01 14216-036-PN01	70,527 264,097 4,286 21,339 <u>-</u>	- 36,694 1,224 233,608 <u>85,031</u>
Total - Special Education Grants to States				<u>360,249</u>	<u>356,557</u>
Special Education Preschool Grants	Indiana Department of Education	84.173	45713-038-PN01 45714-157-PN01 45715-038-PN01	3,259 12,639 <u>533</u>	- 721 <u>10,384</u>
Total - Special Education Preschool Grants				<u>16,431</u>	<u>11,105</u>
Total - Special Education Cluster (IDEA)				<u>376,680</u>	<u>367,662</u>
Total - Department of Education				<u>829,971</u>	<u>752,343</u>
Total federal awards expended				<u>\$ 1,704,944</u>	<u>\$ 1,570,227</u>

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

SCOTT COUNTY SCHOOL DISTRICT 1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

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

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

Note 2. *Summary of Significant Accounting Policies*

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

Note 3. *Special Education Cooperative*

The School Corporation is a member of the Madison Area Educational Special Services Unit (MAESSU), a special education cooperative. The MAESSU serves as the fiscal agent for the operation of the special education federal grant programs of the School Corporation. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented in the receipts and disbursements in the financial statement of the School Corporation.

SCOTT COUNTY SCHOOL DISTRICT 1
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 deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	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 Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)
84.287	Twenty-First Century Community Learning Centers

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

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

Section II - Financial Statement Findings

FINDING 2016-001

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

Repeat Finding

This is a repeat of Finding 2014-002 from the immediately prior audit.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). As a result, material misstatements of the SEFA remained undetected. The Business Manager prepared the SEFA; however, there were no controls in place to verify the accuracy of the information prior to submission.

Context

The SEFA contained the following errors:

1. Expenditures for the Child Nutrition Cluster were not reported in the amount of \$498,293 and \$450,222 for school years 2014-2015 and 2015-2016, respectively.
2. Expenditures for the Special Education Cluster (IDEA) were not reported in the amount of \$376,680 and \$367,662 for school years 2014-2015 and 2015-2016, respectively.
3. Expenditures for the Twenty-First Century Community Learning Centers were overstated by \$91,840 for the 2014-2015 school year and understated by \$111,461 for the 2015-2016 school year.
4. Expenditures for the Rural Education grant were not reported in the amount of \$25,439 in the 2014-2015 school year.
5. Expenditures for the Title I Grants to Local Educational Agencies were understated by \$126,958 in the 2014-2015 school year.
6. Expenditures for the Improving Teacher Quality State Grants were overstated by \$36,516 for the 2014-2015 school year.

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

Criteria

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

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

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

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

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-002

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

Repeat Finding

This is a repeat of Finding 2014-001 from the immediately prior audit.

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, disbursements, and cash.

Receipts

Office personnel were assigned the responsibility for issuing receipts for specific collection areas. For their assigned collection area, each individual issued and posted the receipts and prepared and made the bank deposit without any oversight.

Adjustment transactions were recorded without oversight or approval to verify the validity of the adjustment. The employee responsible for receipting and posting money to the student prepaid meal accounts was also able to make adjustments to the students' meal accounts and enter the students' eligibility status into the food service software without oversight or review.

Online payments received on student meal accounts were not recorded at the time of the transaction when the funds were applied to the students' accounts. The activity was recorded in the financial records approximately once a week when the online payments were deposited into the School Corporation's bank account by the third-party payment processing company.

Cash

Reconcilements of the depository account balances to the financial records were performed without indication of an oversight or review. The same employee who prepared the bank reconcilements was also responsible for handling receipts associated with the student meal accounts and textbook rental. Monthly reconcilements of the depository account balances with the record balances were performed; however, unidentified variances existed. Corrections for known reconciling errors were not recorded correctly in a timely manner.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Vendor disbursements

In some instances, the person responsible for recording disbursement transactions in the ledger and issuing checks was the same individual responsible for approving the transactions. Adjustment transactions were recorded to the financial records without oversight or approval to verify the validity of the adjustment.

Refunds on student meal accounts were not made by check and approved through the normal disbursement process. Instead, monies were withheld from daily collections and held as cash refunds for students or parents to pick up.

Payroll disbursements

One individual was responsible for processing payroll activity without oversight or review. This individual was responsible for establishing new employees and terminating employees within the payroll system, entering pay rates, processing the biweekly pay, and making electronic payroll and payroll deduction payments.

2. Procedures were not in place to perform reconcilements of control accounts with the supporting subsidiary records to ensure financial activity was properly recorded.

The balances of the payroll withholding funds were not being reconciled properly with amounts owed. Posting errors were not properly identified and corrected timely. Failure to reconcile the withholding funds resulted in errors on the bank reconciliation that went unidentified.

A reconciliation was not performed between the financial activity per the subsidiary student meal accounts and the funds ledger control account to ensure all financial activity recorded within the subsidiary student account was being recorded in the financial records.

3. Proper controls were not in place to ensure financial activity being held in trust by the School Corporation was recorded and identified separately from other School Corporation funds. Monies being held in trust for use by students to purchase meals were incorrectly included with the financial activity reported for the School Lunch fund.

Context

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

The depository account balance was not reconciled with the record balance at June 30, 2016. The record balance reported \$34,321 more than the depository account balances. The difference between the depository account balance and the record balance at June 30, 2016, was primarily due to a \$17,915 correction in June 2016 that was recorded incorrectly in the ledger. Differences identified in the monthly reconcilements as the result of posting errors or checks returned for insufficient funds were not corrected timely in the financial records and were included as reconciling items for one or more years.

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:

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Clearing account number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 and 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classified meals (breakfast, lunch, etc.) when known (charged by the students). Subsidiary records by student should be routinely reconciled with the cash balance at month end. (The School Administrator and Uniform Compliance Guidelines, Volume 183, September 2008).

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial reporting and transactions.

Effect

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

Recommendation

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

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 2016-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
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): SY 14-15, SY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-013.

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Proper documentation was not retained to support salaries recorded to the School Lunch fund.

Context

Transactions related to the food service program were recorded in the School Lunch fund. This included, but was not limited to, the following: salaries and benefits, food purchases, supplies, and all revenue generated by the food service program. There was a lack of segregation of duties in reviewing costs charged to the programs as only one individual was in control of validating and approving the vendor costs recorded to the grant programs. No controls were in place to review ledger activity, specifically detail payroll activity, to ensure costs were properly recorded to the programs.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not comply with the Allowable Costs/Cost Principles requirements regarding payment of salaries from the food service program (School Lunch fund). Semi-Annual Certifications, Personal Activity Reports, or other documentation of personnel expenses were not completed for any employees whose salaries were charged to the programs during the period of July 1, 2014 to October 1, 2015, as required under Circular A-133.

Costs of \$85,197 were charged to the grant programs for salaries and benefits for two employees who performed multiple job functions. No Personal Activity Reports or other documentation of personnel expenses were completed to support the actual time spent on the grant programs in relationship to other duties performed to determine that the costs were properly allocated to the food service program. Beginning in June 2016, the employees began tracking time spent on the food service program and documenting the time separately on timesheets.

Problems were identified with portions of salaries for two additional employees being charged to the food service program. Salary costs were charged to the programs for activities unrelated to the food service program. The costs and benefits associated with these employees totaled \$2,212. On April 11, 2018, changes were made to codes used in the payroll system so that a set amount was not automatically charged to the food service program for these employees.

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). . . ."

OMB Circular A-87, Attachment B, section 8(h) states in part:

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.430(i) states in part:

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

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

Cause

Management of the School Corporation had not developed an effective internal control system that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish internal 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.

Questioned Costs

Questioned costs in the amount of \$87,409 were identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Cash Management,
Eligibility, Reporting, Special Tests and Provisions -
School Food Accounts, Special Tests and
Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2014-008, 2014-009, 2014-010, and 2014-012.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Eligibility, Reporting, Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity.

Context

Activities Allowed or Unallowed

The School Corporation had not designed or implemented adequate policies and procedures to ensure that School Lunch funds were expended for allowable activities. One individual reviewed and approved the claims prior to payment with no controls in place to ensure that the claims were for allowable expenses. Activities related to payroll were not properly reviewed to ensure the salary activity associated with the costs charged to the programs related to the School Lunch fund.

Cash Management

The School Corporation had not developed procedures whereby the net cash resources in its food service program (School Lunch fund) were monitored to ensure that the net cash resources in the fund did not exceed the three months average expenditures.

Eligibility

Determination of eligibility was made by one individual without the oversight or review by another individual.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting

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

Special Tests and Provisions - School Food Accounts

No financial overview of the School Lunch fund was performed to determine if the financial activity recorded was proper and reasonable. Procedures were not in place to ensure the number of meals served and other items sold were reasonable in relationship to the amounts receipted to the School Lunch fund. There were no controls in place to ensure that all financial activity recorded in the student meal accounts was recorded in the financial ledger. There was a lack of segregation of duties over the receipting and disbursing aspects of the School Lunch fund activity. The same individual that receipted money to the School Lunch fund also deposited the money and performed the bank reconciliations. The individuals responsible for ordering items for the School Lunch fund was also responsible for approving disbursements and recording the disbursements.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation calculated the Paid Lunch Equity and submitted it to the Indiana Department of Education (IDOE); however, the School Corporation did not have controls in place whereby someone reviewed the calculation for accuracy prior to it being submitted to the IDOE.

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 14-15, SY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-011.

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have a purchasing policy. No quotes were obtained for small and micro purchases made by the School Corporation. The School Corporation utilized a third-party purchasing agent for the bulk of its food service program purchases. Procedures used by the third-party purchasing agent were not reviewed to determine that the Procurement and Suspension and Debarment compliance requirement was being followed.

The School Corporation did not determine if vendors paid were suspended or debarred from participation in federal programs.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

Noncompliance with the program requirements and lack of internal controls was a systemic issue, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.36 states in part:

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

(d) *Methods of procurement to be followed.*

(1) 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 fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.

(2) Procurement by *sealed bids* (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in § 3016.36(d)(2)(i) apply. . . ."

2 CFR 200.319 (c) states in part: "The non-Federal entity must have written procedures for procurement transactions. . . ."

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.320 states in part:

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

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

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

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

2 CFR 180.300 states:

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

You do this by:

- (a) Checking the 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

Management had not developed a system of internal controls that segregated key functions, nor did they have procedures in place to ensure compliance with the Procurement and Suspension and Debarment requirements.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system allowed noncompliance with the compliance requirement and could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs. 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 related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2016-006

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-008.

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.

Proper procedures were not in place to ensure financial activity related to program income was properly recorded in the financial records. The control account in the financial ledger was not reconciled with the detail meal subsidiary records to ensure that all financial activity recorded in the subsidiary record had been properly identified and recorded in the financial ledger.

Proper segregation of duties did not exist for recording of program income. One individual was responsible for receipting, depositing, and recording cash meal sales without any oversight. One individual was responsible for recording program income related to prepaid meal sales without any oversight or review.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Instances were noted in which students were not charged for meals served. The students did not meet eligibility guidelines under the nutrition program to receive meals free of charge and should have been charged for the meals in accordance with the established meal prices approved by the School Board. During the 2015 school year, the estimated program income lost by the School Corporation for the failure to charge the students for the meals was approximately \$3,419. During the 2016 school year, the estimated program income associated with these meals was \$5,720. The School Corporation computed the amount of money that should have been collected from these students for the 2016 school year and the costs were reimbursed to the School Lunch fund from the General fund.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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; . . ."

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that segregated key functions and ensured compliance with the Program Income compliance requirement. Management did not require all students to pay for meals received.

Effect

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

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 Program Income compliance requirement. Meals should not be provided free of charge to anyone other than individuals eligible for free meals under the program guidelines.

Views of Responsible Officials

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

FINDING 2016-007

Subject: Title I Grants to Local Educational Agencies, Twenty-First Century Community Learning Centers, Special Education Cluster (IDEA) - Level of Effort

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, Twenty-First Century Community Learning Centers, Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.010, 84.287, 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14-7230, 15-7230, 16-7230, A58-0-10DL-122, A58-5-15DL-0160, A58-6-16DL-3056, 14213-038-PN01, 14214-157-PN01, 99914-157-PN01, 14215-038-PN01, 14216-036-PN01, 45713-038-PN01, 45714-157-PN01, 45715-038-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2014-003, 2014-007, and 2014-015.

SCOTT COUNTY SCHOOL DISTRICT 1
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 requirements related to the grant agreement and the Level of Effort compliance requirement.

Financial activity was not properly recorded in the financial records to ensure amounts used in the computation of the level of effort calculation was accurate. As a result of not being able to substantiate the accuracy of the amounts used in the computation of the level of effort calculation, a proper evaluation of compliance with the requirements could not be made.

Context

Financial activity associated with the fiscal years 2013 and 2014, upon which the level of effort for grants awarded in fiscal years 2015 and 2016 was determined, was not properly recorded in the financial records resulting in a disclaimer of opinion on the financial statements. Based upon the disclaimer of the financial statements, the validity of underlying expenditure figures used in the level of effort calculation could not be determined in order to properly evaluate compliance with the Level of Effort compliance requirement.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

OMB Circular A-133, Subpart C, section .310(a) states in part: "Financial statements. The auditee shall prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. . . ."

2 CFR 200.510(a) states in part: "*Financial statements*. The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and where appropriate, cash flows for the fiscal year audited. . . ."

Cause

Management of the School Corporation had not developed an effective internal control system that would have ensured proper recording of the transactions in the financial statements.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system and properly record transactions in the financial statements prevented the determination of the School Corporation's compliance with the Level of Effort compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirement listed above. We recommended that the School Corporation establish controls related to the proper recording of financial activity to ensure accuracy in financial reporting.

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): 14-7230, 15-7230, 16-7230
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

Repeat Finding

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

Condition

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

The School Corporation did not retain sufficient documentation to support the reason students were removed from the graduation cohort.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

Testing procedures were performed on six of the students removed from the graduation cohort. Errors were identified with three of the students information tested. In all three instances, complete written documentation was not retained to support the reason for removal from the graduation cohort. In addition, for two of the three students tested, the reason for removal from the graduation cohort reported to the state did not agree with the reason as indicated per information on file at the School Corporation.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 200.19(b)(ii) states in part:

". . . (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) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the compliance requirement.

Effect

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

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduate 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: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, and Reporting

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): 14-7230, 15-7230, 16-7230

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, Reporting

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting. The prior audit finding number was 2014-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, and Reporting.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Controls were not adequate to ensure expenditures were recorded under the proper budget categories; or to monitor adherence to the grant budget categories throughout the grant period.

Procurement and Suspension and Debarment

Written policies and procedures had not been adopted for purchases made under the grant program. Additionally, controls were not implemented to ensure contractors doing business with the School Corporation were not suspended or debarred.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting

Controls were not in place to ensure amounts claimed for reimbursement were in agreement with the School Corporation records and were claimed only once. Also, there was no control in place to verify that final expenditure reports were in agreement with the School Corporation records.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the requirements and agreement of the records to amounts reported.

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 adequate procedures 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.

Recommendation

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

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-010

Subject: Twenty-First Century Community Learning Centers - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): A58-0-10DL-122; A58-5-15DL-0160;
A58-6-16DL-3056

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition

The School Corporation did not have controls in place to properly monitor financial activity to determine if costs charged to the program were allowable costs in accordance with the Allowable Costs/Cost Principles compliance requirement. The lack of controls resulted in costs charged to the grant program that were not properly documented or were considered unallowable costs under the program.

Context

The following items were identified regarding costs charged to the grant program:

1. Transportation costs in the amount of \$34,768 were charged to the grant program with no documentation to support the costs charged. Of this amount, \$26,150 was charged to the program in the 2015 fiscal year. The amount of \$8,618 was incurred during the 2016 fiscal year; however, the actual costs were not paid or reimbursed by the grantor agency until July 2016.
2. Costs in the amount of \$19,346 were charged to the grant program 'Personnel' budget category for bus driver wages and reported to the state grantor agency as personnel costs. Per the approved grant program budget, bus driver wages were to be included in the 'Transportation' budget category. The grant application budget indicated funds disbursed from the 'Personnel' budget category were to be used for administrative and instructional salaries. Had the cost been charged to the correct budget category, transportation costs would have exceeded the approved budget and a request for a budget modification from the state grantor agency would have been required. No records were presented to indicate that an approved budget modification had been received. In May 2016, the School Corporation began properly charging bus driver wages to the transportation category of the grant budget and reporting the amount to the state grantor agency under the correct budget category.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

3. Personal activity reports and Semi-Annual Certifications (time and effort logs) were not completed by employees to support the time spent on the program for grants subject to A-133 requirements.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20(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. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

2 CFR 200.302(a) states:

"Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also § 200.450 Lobbying."

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.403 states in part:

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

(g) Be adequately documented. . . ."

34 CFR 80.30(c) states in part:

"*Budget changes (1) Nonconstruction projects.* Except as stated in other regulations or an award document, grantees or subgrantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a non-construction award:
. . .

(ii) Unless waived by the awarding agency, cumulative transfers among direct costs categories, or, if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding agency's share exceeds \$100,000. . . ."

2 CFR 200.308(b) states in part: "Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions, . . ."

The grant agreement with Indiana Department of Education states in part:

"The Grantee agrees to abide by the Grant Budget; except that budget line item transfer of up to ten percent (10%) of the original line item amount may be transferred to other Grant budget line items without State Project Director approval. Transfers exceeding the maximum amount of ten percent (10%) of the budget line item require a budget amendment and prior written approval by the State Project Director. . . ."

OMB Circular A-87, Attachment B, section 8(h) states in part:

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. . . .
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the School Corporation had not developed an effective internal control system that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Unsupported transportation costs associated with the program in the amount of \$34,768 were considered to be questioned costs.

Recommendation

We recommended that personnel responsible for allocating personnel costs and approving costs become knowledgeable about the grant program and of the activities and costs allowed per the approved grant application in order to properly monitor costs prior to charging and authorizing the costs to the federal program.

Views of Responsible Officials

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

FINDING 2016-011

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-038-PN01, 14214-157-PN01,
99914-157-PN01, 14215-038-PN01,
14216-036-PN01, 45713-038-PN01,
45714-157-PN01, 45715-038-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-014.

Condition

Management of the School Corporation had not established an effective internal control system related to the Reporting compliance requirement as it related to the Count of Children with Disabilities Receiving Special Education Services report required to be filed with the state.

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procedures were not in place whereby the report was reviewed prior to being submitted to ensure its accuracy. The Madison Area Educational Special Services Unit (MAESSU) acting as the LEA for the School Corporation's special education program, reviewed student data per the School Corporation's records for comparison with the student data per its records. The MAESSU then submitted this information to the School Corporation. The School Corporation submitted the MAESSU report data to the state without review to determine its accuracy or identification of any differences in its data.

Context

Two of the four Count of Children with Disabilities Receiving Special Education Services reports submitted to the state had the following errors. The December 1, 2014, Count of Children with Disabilities Receiving Special Education Services report reported 249 students; however, the documentation presented for audit showed 251 students for a difference of 2 students. The December 1, 2015, Count of Children with Disabilities Receiving Special Education Services report reported 253 students; however, the documentation presented for audit showed 260 students for a difference of 7 students.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20 states in part:

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

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

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

SCOTT COUNTY SCHOOL DISTRICT 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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. . . ."

2 CFR 200.302(b) states in part:

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

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

Cause

Management had not developed a system of internal controls that would have ensured accurate reporting.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the compliance requirement listed above. Documentation to support student counts reported should be maintained and reviewed for accuracy.

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.

SCOTT COUNTY SCHOOL DISTRICT 1

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDINGS 2014-003 to 2014-015

Fiscal period in which the finding initially occurred: July 1, 2012 to June 30, 2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jami Parks/Kathie Bowling/Robert Anderson

Contact Phone Number: 812-794-8750

Status of Audit Findings:

Finding 2014-003:

Activities Allowed or Unallowed and Allowable Costs/Principles

Beginning in July 2014 new separate funds were established to account for financial activity for each grant project. The monitoring of the grant budget and spending by the Program Director and Business Manager will help avoid overspending and monies being required to be transferred from other sources, multiple adjustments to force activity to agree to the budgeted amounts, and deficit grant fund balances.

As of April 2018 the Business Manager prints a payroll distributions report showing the employees names and salaries charged to the program for the month from the payroll system and compares it to the summary total ledger posting recorded for salary costs to ensure only personnel costs for staff performing work on the program is charged. The payroll distribution report is filed with the monthly claim for reimbursements and is reviewed by the Business Manager and another financial employee at the time of the completion of the monthly claim for reimbursement.

Cash Management

Starting in January 2015 once the cash for reimbursement request is prepared by the Business Manager, it is reviewed by another financial employee to verify the amount requested is correct and that the funds have been paid prior to requesting reimbursement.

Period of Availability

Beginning in January 2015 expenditures are reviewed to ensure the activity charged to the grant occurred within the grant award period. This review is documented by Business Manager on the accounts payable voucher during the processing of the disbursements for payment. Further review of the activity is performed during the review of the ledger activity associated with the completion of the request for reimbursement by the Business Manager.

Reporting

Beginning in January 2015 final expenditure reports as prepared by the Business Manager are reviewed by the Program Director to ensure the amounts reported are accurate and agree with the underlying financial records.

Starting January 2015 the cash reimbursement requests as prepared by Business Manager are reviewed by another financial employee to ensure the amount shown on the request agrees with the underlying financial records.

Starting with Fund 4119 in Fall 2019 the school district will enter appropriations in their financial systems to help tracking where each budget line stands on a month by month basis. This will also help for better budget preparation going forward. The district is currently converting to an updated financial system and have hired a new business office employee. The district hopes both will allow for better controls.

Special Tests and Provisions – Budget Modification Approval

Controls mentioned above regarding the budget process and monitoring should ensure compliance with the budget modification approval process

The combined above listed procedures should help ensure accuracy in financial reporting and budgeting to assist in compliance with the level of effort and earmarking requirements of the grant program.

ARRA Reporting and Title I ARRA Funds Reported Separately

Grant activities associated with Title I ARRA funding have ceased as a result no controls were required to be implemented.

Finding 2014-004 Title I:

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

We are continuing to improve our internal controls and employee training to ensure compliance with laws and regulations associated with Federal awards. †

No action has been taken as of April 2018. The Superintendent of Schools will need to address this finding with Principals and Building Personnel. New personnel in the high school have improved the record keeping and understanding of the Annual Report Card.

Finding 2014-005 Twenty-First Century Community Learnings Centers:

Activities Allowed or Unallowed, Cash Management, Period of Availability and Reporting

At the beginning of the 18/19 school year Business Manager will start comparing the job duties assigned to staff members as reported by the Program Director to the payroll salary account distribution codes as entered by the payroll clerk to ensure the proper recording of salary costs and related benefit to the appropriate expenditure account. During the 14/16 audit the Biweekly payroll cost distribution reports started being reviewed by Business Manager and compared to the payroll vouchers totals by fund as approved by the Program Director to ensure the cost are recorded to the proper fund and expenditure account and that no changes in job duties have occurred since the beginning of the year to require changes.

Beginning in January 2015 a financial employee reviews the claim for reimbursement requested as prepared by the Business Manager to ensure the amounts requested were paid prior to the

request for reimbursement and that amounts requested for reimbursement were associated with expenditures that occurred within the period of availability. Providing a dual signature of approving.

The program director continues to approve all vendor expenses and verifies the receipts of services/goods before invoices are paid to ensure the expense is associated with activities allowable under the grant program and the activity occurred within the grant period of availability. The program director's review is evidenced by the director's signature on the invoice. The business manager reviews the invoice as well to ensure compliance.

Starting in January 2015 a financial employee reviews the final expenditure report prepared by the Business Manager to ensure the amounts reported agree with the underlying financial report. This review is evidence by the signature on the final expenditure report in addition to the signature by the Business Manager.

The business office employed a new employee in January of 2018, this employee will allow for internal controls to become more of a priority for the rest of the staff.

Finding 2014-006 Twenty-First Century Community Learning Centers:

Allowable Costs/Cost Principles

In May 2016 changes were made to record costs associated with bus drivers' salaries in the appropriate transportation budget line item in the financial records. When reports for claims for reimbursement and final expenditure reports were filed the salaries for bus drivers were correctly reported as transportation costs.

Starting in May 2016 only the actual cost incurred for transportation with appropriate supporting documentation were charged to the grant program. No transportation costs were charged to the grant program to attempt to reimbursement overhead costs associated with bus depreciation, gasoline, etc. (without documentation to fully support the amount charged.)

As of April 2018 the Business Manager prints a payroll distributions report showing the employees names and salaries charged to the program for the month from the payroll system and compares it to the summary total ledger posting recorded for salary costs to ensure only personnel costs for staff performing work on the program is charged. The payroll distribution report is filed with the monthly claim for reimbursements and is reviewed by the Business Manager at the time of the completion of the monthly claim for reimbursement.

Due to the timing of the completion of the prior audit, corrections have not be implemented regarding completion of personal activity reports and semiannual certifications to support personnel cost charged to the grant program. Beginning in December 2014 federal regulations changed that no longer required grantees to maintain these specific records. The School Corporation currently maintains time cards for its employees that adequate identify time worked by each employee based upon the type of work performed that appropriately support the personnel costs charged to the grant program.

The business office employed a new employee in January of 2018, this employee will allow for internal controls to become more of a priority for the rest of the staff.

Finding 2014-007 Twenty First Century Community Learnings Centers:

Level of Effort

Procedures were implemented as indicated in the in the response to finding 2014-003 to better monitor financial activity of the school corporation as a whole will help ensure that financial activity is recorded properly to the ledger in order to properly determine level of effort requirements. These controls include the creation of separate grant funds, implementation on monitoring of budget activity and expenditures, review of payroll costs and the monthly fund reports. The business office will more closely monitor the budget, a new financial is currently being installed, and a new business office employee has been hired. The business office employed a new employee in January of 2018, this employee will allow for internal controls to become more of a priority for the rest of the staff.

In January 2019 due to changes in state requirements, the School Corporation will be implementing a new chart of accounts. During this implementation process the expenditure accounts classifications will be further reviewed to ensure that the financial activity is being recorded to the proper expenditure account.

Finding 2014-008 Child Nutrition Cluster:

Activities Allowed or Unallowed

In January 2018 the Food Service Director continues to approve all vendor expenses and verifies the receipts of services/goods before invoices are paid to ensure the expense is associated with activities allowable under the grant program. The deputy treasurer's review is evidenced by the treasurer's signature on the accounts payable voucher. The business manager reviews the invoice as well to ensure compliance and reviews monthly expenditure report of activity recorded to the ledger.

Cash Management

Currently nothing in place, the child nutrition program currently operates in a deficient.

Verification of Free and Reduced Price Applications

The eligibility requirements for any free and reduced price applications subject to verification as of July 2014, will be verified by someone other than the person who initial approved the eligibility. A food service employee has been assigned the responsibility of performing the initial eligibility determination with any verification of the eligibility status performed by a second food service employee.

Program Income

Controls are not currently in place but with the aid of the new employee procedures will be implemented to improve controls

School Food Accounts

Nothing currently being done.

Finding 2014-009 Child Nutrition Cluster:

Paid Lunch Equity

No corrective action has currently been implemented. Beginning in the fall 2018 controls will be implemented.

Finding 2014-010 Child Nutrition Cluster:

Reporting

Beginning in the 2016-2017 a separate prepaid meal account was established to account for prepayments on meal accounts. As a result of removing the prepaid activity from the school lunch fund, the financial activity as reported on the Annual Financial Reports will agree with the underlying financial records. Starting June 2019 the Annual Financial Report as prepared by the (food service director) is reviewed by the (treasurer) to ensure its accuracy prior to the report being sent to the state.

Finding 2014-011 Child Nutrition:

Procurement and, Suspension and Debarment

No current procedures in place. Beginning August 2018, the (food service director) will review information obtained for the third-party purchasing agent showing that advertisements had been made to accept bids for nutrition program and documentation of the awarding of the bid to the most responsive bidder. The debarment and suspension certificate as completed by the vendor awarded the service is obtained from the third party purchasing agent to ensure the vendor used

has not been suspended or debarred from participation in federal programs. Information will be retained for audit. The FSD will go onto HPS each year, print, sign and retain this prove.

Finding 2014-012 Child Nutrition:

Eligibility

Food Service Treasurer continues to use State approved system to declare eligibility. There is no staff available to review the status certification. We continue to work on improving internal controls over federal programs to provide reasonable assurance that the Federal award is in compliance with laws and regulations.

Finding 2014-013 Child Nutrition:

Allowable Costs/Cost Principles

Beginning in June 2016 the Food Service Director and Food Service Treasurer began keeping track daily on a time sheet the amount of time spent on food service program and the time spent on other activities. Payroll cost to the school lunch fund were then charged based upon the information as recorded on the time card. The use of semiannual certifications and personal activity reports were not implement due to the change in federal regulations no longer requiring these documents.

As of April 2018 the Business Manager prints a payroll distributions report showing the employees names and salaries charged to the program for the month from the payroll system and compares it to the summary total ledger posting recorded for salary costs to ensure only personnel costs for staff performing work on the program is charged.

As of April 2018 payroll vouchers as prepared by the payroll clerk and reviewed by Business Manager summarizing the amounts charged to each fund based upon the time cards submitted is compared to the total costs to each fund per the payroll distribution report by Business Manager to ensure the payroll costs have been properly keyed into the payroll system.

Finding 2014-014 Special Education Cluster:

Cash Management

In April 2014, MAESS business manager implemented controls whereby the claims for reimbursements requests as prepared by the business manager were reviewed by the financial clerk prior to submission to ensure the amount claimed for reimbursement agreed with the supporting documentation and the amounts had paid prior to requesting reimbursement. During the review of the cash reimbursement requests, the financial clerk reviewed the supporting documentation to ensure that the expense was incurred within the period of availability.

In April 2014, MAESS business manager implemented controls whereby the final expenditure report as prepared by the business manager were reviewed by financial clerk prior to submission to the State.

No control has been implemented for the Count of Child with Disabilities Receiving Special Education Services report. Beginning with the 18/19 school year the Count of Children with Disabilities Receiving Special Education Services as prepared by IT Director will be reviewed along with the supporting documentation by MAESSU prior to the report being submitted to the state.

Finding 2014-015 Special Education Cluster:

Level of Effort

Procedures were implemented as indicated in the in the response to finding 2014-003 to better monitor financial activity of the school corporation as a whole will help ensure that financial activity is recorded properly to the ledger in order to properly determine level of effort

requirements. These controls include the creation of separate grant funds, implementation on monitoring of budget activity and expenditures, review of payroll costs and the monthly fund reports.

In January 2019 due to changes in state requirements, the School Corporation will be implementing a new chart of accounts. During this implementation process the expenditure accounts classifications will be further reviewed to ensure that the financial activity is being recorded to the proper expenditure account.

SCOTT COUNTY SCHOOL DISTRICT 1

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Sheila Carter
ASST. ELEMENTARY PRINCIPAL

Finding 2016-001

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur with the finding; however, there was very poor and minimal guidance when AFR was placed on Gateway. The responsible party has been learning with each AFR they complete.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan: Currently one person prepares, reviews, and submits the AFR/SEFA. The corrective action will be for another financially minded employee in the business office (to be determined) to participate in the preparation, review, and submission of the SEFA. A hard copy of the SEFA will be signed by both parties and filed in the business office.

Anticipated Completion Date: We hope to have implemented with the SEFA completed summer of 2018, completion date of 9/30/18.

Finding 2016-002

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur that there are issues with segregation of duties; however, it is impossible for a small school to staff the business office in manner that would provided accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

1. Receipts
 - a. A second individual will verify and approve the receipt and deposit
 - b. A second individual will approve all adjustments to receipts. Copies of the adjustment will be filed in the business office.
 - c. Online payments will be recorded in the more timely manner
2. Cash
 - a. A second individual will provide review of bank reconcilements, this will noted by signature of preparation and review.
3. Vendor Disbursements
 - a. The majority of this finding has already been corrected; the former Treasurer was also the Food Service Director. This individual would approve the food service claims and also issue the food service checks. This is no longer the practice.
 - b. Starting in July 2018 refunds on student meal accounts will be made by check instead of a cash refund and the checks will be approved through the normal claims process by the board.
 - c. A second business office employee will review all adjustments, this will be verified by signature.
4. Payroll Disbursements
 - a. One person will remain responsible for processing payroll. However with the conversion to a new/updated financial software in July/Aug 2018, additional employees will be trained on the process and will serve as backup and review for payroll processing. Since the audit, there have been internal spot audits of payroll vouchers conducted by Treasurer verified by initials on the vouchers.
5. The treasurer will work with the Superintendent and Food Service Director to develop procedures to perform reconcilements of control accounts to ensure financial activity is recorded properly.
6. Controls will be implemented to ensure financial activity is recorded and identified separately.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-003

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

1. The majority of this finding has already been corrected; the former Treasurer was also the Food Service Director. This individual would approve all food service claims and also issue the food service checks. This is no longer the case. The new Treasurer will start to review/approve.
2. Allowable Costs/Cost Principles have now been corrected with proper time keeping by Food Service Director and Food Service Treasurer.
3. With the implementation of a new financial software system in July/August of 2018, additional employees will be trained on the payroll process so that there will be better segregation of duties and review of payroll processing. Beginning in June 2016 new documentation was implemented to be track time spent between job functions.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-004

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

1. Activities Allowed or Unallowed
 - a. The majority of this finding has already been corrected; the former Treasurer was also the Food Service Director. This individual would approve all food service claims and also issue the food service checks. This is no longer the case. The new Treasurer will start to review/approve.
 - b. Payroll activities will be review and this will be reviewed with verification by signature.
2. Cash Management
 - a. The school corporation has a negative cash balance, when the cash balance begins to be positive it will be monitored by the Food Service Director to ensure that the net cash resources do not exceed the three-month average expenditure.
3. Eligibility
 - a. Eligibility will be verified by a second employee.
4. Reporting
 - a. There will be oversight/review by a second employee.
5. Special Tests and Provisions-School Food Accounts

- a. The school corporation will look into better segregation of duties. The school corporation has just recently hired a new employee and are currently in the process of trying to establish different roles for employees to provide better segregation.
6. Special Tests and Provisions-Paid Lunch Equity
 - a. Someone will review the calculation prior to submission to IDOE, this will be verified by signature.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-005

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

1. The business office was unaware of the Procurement and Suspension and Debarment compliance requirement; Certificates to prove vendor is not suspended/disbarred will be obtained and filed in the business office. Certificate will be signed to prove the verification.
2. Third Party Purchasing will be reviewed, certification will be obtained.
3. A written procurement policy was adopted in June 2017.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-006

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

- a. Internal Controls continue to be an audit issue, we are working on a solution to appease the auditors.
- b. Records will be reviewed by a second employee.
- c. Receipts, deposits, and recording cash meals sales will have oversight of a second business office employee.

- d. A new charge policy was adopted during the audit to stop the ability of NO ID meals in the elementary.
- e. A Food Service employee will reconcile the prepaid account balance and this will be approved by the Treasurer.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-007

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

- a. Internal Controls continue to be an audit issue, we are working on a solution to appease the auditors.
- b. We have implement new fund numbers with each years grant. Going forward there will be a new financial software system and with better coding capabilities. These classifications will be reviewed to ensure the proper employees are being paid from the proper funds.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-008

Contact Person Responsible for Corrective Action: Robert Anderson, Superintendent

Contact Phone Number: 812-794-8750

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

- a. Internal Controls continue to be an audit issue, we are working on a solution to appease the auditors.
- b. High School Staff will be trained on the retaining the correct records to verify the Annual Report Card

Anticipated Completion Date: Dec 31, 2018

Finding 2016-009

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

1. **Activities allowed or unallowed-** Reports will be verified by a second employee showing expenditures are recorded under the proper budget category.
2. **Procurement, Suspension, and Debarment-** Contractors will be verified as not suspended for debarred, evidence will maintained in the business office.
3. **Reporting-** Reimbursements will be verified in agreement with school financial records. Final report will be reviewed as well.
4. The district has a Procurement Policy for Federal Grants that is not being followed, the district will review the policy and begin policy following it.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-010

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

1. The school corporation will implement controls to properly monitor financial activity to determine the costs are allowed under the program. A second employee will verify the costs are allowed under the program before reimbursement is requested.
2. Semi Annual Certifications are no longer required under Uniform Guidance, bi-weekly payroll sheets are used as time and effort logs.

Anticipated Completion Date: Dec 31, 2018

Finding 2016-011

Contact Person Responsible for Corrective Action: Jami Parks, Business Manager and Treasurer

Contact Phone Number: 812-794-9630

Views of Responsible Official: We concur there are issues with segregation of duties; however, it is impossible for small schools to staff the business office in a manner that would provide accepted segregation of duties.

Repeat finding is a result of the timing of the prior audit and the current audit, there was not enough time to correct the finding from the previous audit.

Description of Corrective Action Plan:

1. Business Manager will work more closely with both MAESSU and the school corporation Technology Director to insure that school records and co-op records are in agreement before submitting to IDOE.

Anticipated Completion Date: Dec 31, 2018

OTHER REPORTS

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