

**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 2  
SCOTT COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
09/06/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Melinda Sparkman	07-01-14 to 12-31-18
Superintendent of Schools	Dr. Marc Slaton	07-01-14 to 06-30-19
President of the School Board	Jason Kendall	07-01-14 to 12-31-18



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCOTT COUNTY SCHOOL DISTRICT 2, SCOTT COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Scott County School District 2 (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

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

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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

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

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

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

***Other Matters***

*Supplementary Information*

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

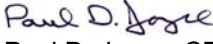
*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 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

August 23, 2018



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 2, 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 2 (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 August 23, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**


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

**Scott County School District 2'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

August 23, 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 2  
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			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 362,222	\$ 17,561,451	\$ 16,886,292	\$ 15,548	\$ 1,052,929	\$ 17,736,662	\$ 17,553,084	\$ 34,800	\$ 1,271,307
Debt Service	1,536,236	2,585,627	2,565,675	(4,824)	1,551,364	2,743,114	2,618,154	-	1,676,324
Retirement/Severance Bond Debt Service	70,780	217,748	250,929	(37,599)	-	-	-	-	-
Capital Projects	461,808	1,823,035	1,773,285	10,710	522,268	1,856,291	1,799,708	-	578,851
School Transportation	205,324	1,760,356	1,619,240	-	346,440	1,869,493	1,557,297	-	658,636
School Bus Replacement	414,855	416,618	260,538	(37,401)	533,534	509,530	204,152	(75,000)	763,912
Rainy Day	-	-	-	75,000	75,000	-	-	75,000	150,000
Retirement/Severance Bond	1,634,854	5,837	332,045	-	1,308,646	-	429,284	-	879,362
Construction	1,883,476	-	1,796,323	164,861	252,014	-	168,505	-	83,509
School Lunch	581,440	1,138,811	1,314,213	-	406,038	1,332,582	1,337,040	-	401,580
Textbook Rental	72,928	268,304	260,673	4,824	85,383	269,375	225,875	-	128,883
Levy Excess	-	93	-	-	93	-	-	-	93
Educational License Plates	498	225	-	-	723	244	-	-	967
Extra-Curricular Activities	3,609	772	2,993	-	1,388	-	772	-	616
ECA Reimbursable Activities	(1,071)	11,136	8,099	-	1,966	11,604	11,644	-	1,926
Pepsi - ECA Field Trips	17,160	14,570	9,716	-	22,014	25,207	32,576	-	14,645
John Ulen Scholarship Fund	20,256	-	1,650	-	18,606	-	1,830	-	16,776
Alumni Class of 56 Scholarship	14,089	25	1,000	-	13,114	-	1,000	-	12,114
SHS Alumni Association	4,367	-	-	-	4,367	-	4,367	-	-
M E P Scholarship Fund	44,667	-	500	-	44,167	-	500	-	43,667
Ivan & Faye Rogers Scholarship	1,441	-	500	-	941	59	500	-	500
Wilson Scholarship Fund	2,654	-	500	-	2,154	-	500	-	1,654
Joyce Hall Scholarship	-	-	-	-	-	200	200	-	-
SCSD2 - SHS Scholarship Fund	-	-	-	-	-	25	-	-	25
Mildred McNay Scholarship Fund	350	-	-	-	350	-	-	-	350
Miscellaneous Programs	1,951	633	770	-	1,814	-	-	-	1,814
Kids First / We Care	24,796	23,831	25,982	-	22,645	26,668	25,309	-	24,004
Section 125 - Unreimburse Medical	1,093	1,009	2,102	-	-	-	-	-	-
Washington National Stock	14	20	-	-	34	39	-	-	73
Elementary Mentor Fund	38	-	-	-	38	-	-	-	38
Excellence Education Donation	409	-	-	-	409	-	370	-	39
Classroom Teacher Grants	5,137	9,490	10,130	-	4,497	7,676	12,311	-	(138)
Collier - Warriorette Basketball	171	-	-	-	171	-	-	-	171
Donations for School Buildings	16,270	6,177	10,952	-	11,495	70,695	4,613	-	77,577
Student School Lunch Donations	164	-	-	-	164	-	-	-	164
Connect - Abilities Services	(4,792)	4,792	-	-	-	-	-	-	-
Formative Assessment	-	-	-	-	-	7,547	7,547	-	-
Instruction Support	223	-	-	-	223	-	-	-	223
Tech Prep	-	-	34,253	-	(34,253)	39,664	39,664	-	(34,253)
Secured Schools Safety Grant	(126,899)	50,000	(76,899)	-	-	-	49,994	-	(49,994)
School Technology	24,876	546,700	754,202	218,486	35,860	295,278	285,526	-	45,612
Miscellaneous Programs	13,287	35,486	47,307	-	1,466	36,570	18,386	-	19,650
IU Mentor Teacher Training	240	-	-	-	240	-	-	-	240
Senator David Ford Technology	(1,841)	50,397	48,556	-	-	-	-	-	-
Title I	(136,784)	318,114	181,330	-	-	-	-	-	-
Title I - Part D	-	500,583	595,416	-	(94,833)	264,487	169,654	-	-
Title I - 2015-2016	-	-	-	-	-	449,136	546,739	-	(97,603)
Americorps Grants	(37,988)	206,309	204,918	-	(36,597)	205,972	188,905	-	(19,530)
21st Century Learning Center	-	111,876	125,900	-	(14,024)	77,486	75,494	-	(12,032)
21st Century Community/2015-16	-	-	-	-	-	131,610	135,810	-	(4,200)
Improving Teacher Quality, No Child Left, Title II, Part A	(5,458)	84,960	101,384	-	(21,882)	241,326	240,688	-	(21,244)
Title II, Part A - Digiploozia	(132)	15,712	26,188	-	(10,608)	16,943	15,073	-	(8,738)
Rural Schools and Low Income Program - Pass Through State	(6,737)	76,197	69,460	-	-	-	-	-	-
Prepaid Food	(17,174)	382,154	369,930	-	(4,950)	378,643	387,055	-	(13,362)
Payroll Withholdings	11,518	4,432,862	4,429,005	-	15,375	4,566,895	4,555,548	-	26,722
<b>Totals</b>	<b>\$ 7,094,325</b>	<b>\$ 32,661,910</b>	<b>\$ 34,045,057</b>	<b>\$ 409,605</b>	<b>\$ 6,120,783</b>	<b>\$ 33,171,021</b>	<b>\$ 32,705,674</b>	<b>\$ 34,800</b>	<b>\$ 6,620,930</b>

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

SCOTT COUNTY SCHOOL DISTRICT 2  
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 2  
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.

*Temporary loans.* Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

*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:

SCOTT COUNTY SCHOOL DISTRICT 2  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

SCOTT COUNTY SCHOOL DISTRICT 2  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

SCOTT COUNTY SCHOOL DISTRICT 2  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016. The Prepaid Food fund has a cash deficit due to uncollectible meal accounts.

SCOTT COUNTY SCHOOL DISTRICT 2  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Holding Corporations**

The School Corporation has entered into a capital lease with Scott County School District 2 Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ending June 30, 2015 and 2016, totaled \$1,397,500 and \$1,431,000, respectively.

The School Corporation has entered into a capital lease with Scott County School District 2 Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ending June 30, 2015 and 2016, totaled \$214,000 and \$215,000, respectively.

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#### OTHER INFORMATION - UNAUDITED

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

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

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

SCOTT COUNTY SCHOOL DISTRICT 2  
 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
Cash and investments - beginning	\$ 362,222	\$ 1,536,236	\$ 70,780	\$ 461,808	\$ 205,324	\$ 414,855	\$ -	\$ 1,634,854
Receipts:								
Local sources	43,738	2,585,627	217,748	1,822,048	1,723,756	416,618	-	5,837
Intermediate sources	19	-	-	-	-	-	-	-
State sources	17,431,142	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	86,552	-	-	987	36,600	-	-	-
Total receipts	17,561,451	2,585,627	217,748	1,823,035	1,760,356	416,618	-	5,837
Disbursements:								
Instruction	11,650,295	-	-	-	-	-	-	332,045
Support services	5,112,087	-	-	1,209,770	1,619,240	260,538	-	-
Noninstructional services	123,910	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	563,515	-	-	-	-
Debt service	-	2,565,675	250,929	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	16,886,292	2,565,675	250,929	1,773,285	1,619,240	260,538	-	332,045
Excess (deficiency) of receipts over disbursements	675,159	19,952	(33,181)	49,750	141,116	156,080	-	(326,208)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	15,548	-	-	10,710	-	-	-	-
Transfers in	-	-	-	-	-	37,599	75,000	-
Transfers out	-	(4,824)	(37,599)	-	-	(75,000)	-	-
Total other financing sources (uses)	15,548	(4,824)	(37,599)	10,710	-	(37,401)	75,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	690,707	15,128	(70,780)	60,460	141,116	118,679	75,000	(326,208)
Cash and investments - ending	\$ 1,052,929	\$ 1,551,364	\$ -	\$ 522,268	\$ 346,440	\$ 533,534	\$ 75,000	\$ 1,308,646

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Extra-Curricular Activities	ECA Reimbursable Activities	Pepsi - ECA Field Trips
Cash and investments - beginning	\$ 1,883,476	\$ 581,440	\$ 72,928	\$ -	\$ 498	\$ 3,609	\$ (1,071)	\$ 17,160
Receipts:								
Local sources	-	385,294	150,471	93	-	-	11,136	14,570
Intermediate sources	-	-	-	-	225	-	-	-
State sources	-	11,736	115,186	-	-	-	-	-
Federal sources	-	741,469	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	312	2,647	-	-	772	-	-
Total receipts	-	1,138,811	268,304	93	225	772	11,136	14,570
Disbursements:								
Instruction	-	-	-	-	-	2,993	-	-
Support services	-	-	260,673	-	-	-	-	9,716
Noninstructional services	-	1,267,809	-	-	-	-	8,099	-
Facilities acquisition and construction	1,796,323	46,404	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,796,323	1,314,213	260,673	-	-	2,993	8,099	9,716
Excess (deficiency) of receipts over disbursements	(1,796,323)	(175,402)	7,631	93	225	(2,221)	3,037	4,854
Other financing sources (uses):								
Proceeds of long-term debt	164,861	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	4,824	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	164,861	-	4,824	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,631,462)	(175,402)	12,455	93	225	(2,221)	3,037	4,854
Cash and investments - ending	\$ 252,014	\$ 406,038	\$ 85,383	\$ 93	\$ 723	\$ 1,388	\$ 1,966	\$ 22,014

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	John Ulen Scholarship Fund	Alumni Class of 56 Scholarship	SHS Alumni Association	M E P Scholarship Fund	Ivan & Faye Rogers Scholarship	Wilson Scholarship Fund	Joyce Hall Scholarship	SCSD2 - SHS Scholarship Fund
Cash and investments - beginning	\$ 20,256	\$ 14,089	\$ 4,367	\$ 44,667	\$ 1,441	\$ 2,654	\$ -	\$ -
Receipts:								
Local sources	-	25	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	25	-	-	-	-	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,650	1,000	-	500	500	500	-	-
Total disbursements	1,650	1,000	-	500	500	500	-	-
Excess (deficiency) of receipts over disbursements	(1,650)	(975)	-	(500)	(500)	(500)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,650)	(975)	-	(500)	(500)	(500)	-	-
Cash and investments - ending	\$ 18,606	\$ 13,114	\$ 4,367	\$ 44,167	\$ 941	\$ 2,154	\$ -	\$ -

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Mildred McNay Scholarship Fund	Miscellaneous Programs	Kids First / We Care	Section 125 - Unreimburse Medical	Washington National Stock	Elementary Mentor Fund	Excellence Education Donation	Classroom Teacher Grants
Cash and investments - beginning	\$ 350	\$ 1,951	\$ 24,796	\$ 1,093	\$ 14	\$ 38	\$ 409	\$ 5,137
Receipts:								
Local sources	-	-	23,831	1,009	20	-	-	1,995
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	633	-	-	-	-	-	7,495
Total receipts	-	633	23,831	1,009	20	-	-	9,490
Disbursements:								
Instruction	-	770	25,982	2,102	-	-	-	1,680
Support services	-	-	-	-	-	-	-	8,450
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	770	25,982	2,102	-	-	-	10,130
Excess (deficiency) of receipts over disbursements	-	(137)	(2,151)	(1,093)	20	-	-	(640)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(137)	(2,151)	(1,093)	20	-	-	(640)
Cash and investments - ending	\$ 350	\$ 1,814	\$ 22,645	\$ -	\$ 34	\$ 38	\$ 409	\$ 4,497

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	Collier - Warriorette Basketball	Donations for School Buildings	Student School Lunch Donations	Connect - Abilities Services	Formative Assessment	Instruction Support	Tech Prep	Secured Schools Safety Grant
Cash and investments - beginning	\$ 171	\$ 16,270	\$ 164	\$ (4,792)	\$ -	\$ 223	\$ -	\$ (126,899)
Receipts:								
Local sources	-	6,177	-	4,792	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	50,000
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	6,177	-	4,792	-	-	-	50,000
Disbursements:								
Instruction	-	3,912	-	-	-	-	34,253	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	7,040	-	-	-	-	-	(76,899)
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	10,952	-	-	-	-	34,253	(76,899)
Excess (deficiency) of receipts over disbursements	-	(4,775)	-	4,792	-	-	(34,253)	126,899
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,775)	-	4,792	-	-	(34,253)	126,899
Cash and investments - ending	\$ 171	\$ 11,495	\$ 164	\$ -	\$ -	\$ 223	\$ (34,253)	\$ -

SCOTT COUNTY SCHOOL DISTRICT 2  
 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	Miscellaneous Programs	IU Mentor Teacher Training	Senator David Ford Technology	Title I	Title I - Part D	Title I - 2015-2016	AmeriCorps Grants
Cash and investments - beginning	\$ 24,876	\$ 13,287	\$ 240	\$ (1,841)	\$ (136,784)	\$ -	\$ -	\$ (37,988)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,235	35,486	-	50,397	-	-	-	-
Federal sources	30,095	-	-	-	318,114	500,583	-	206,309
Temporary loans	505,800	-	-	-	-	-	-	-
Other receipts	5,570	-	-	-	-	-	-	-
Total receipts	546,700	35,486	-	50,397	318,114	500,583	-	206,309
Disbursements:								
Instruction	-	47,307	-	-	129,174	281,100	-	-
Support services	39,661	-	-	48,556	-	84,499	-	-
Noninstructional services	-	-	-	-	52,156	229,817	-	204,918
Facilities acquisition and construction	714,541	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	754,202	47,307	-	48,556	181,330	595,416	-	204,918
Excess (deficiency) of receipts over disbursements	(207,502)	(11,821)	-	1,841	136,784	(94,833)	-	1,391
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	218,486	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	218,486	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,984	(11,821)	-	1,841	136,784	(94,833)	-	1,391
Cash and investments - ending	\$ 35,860	\$ 1,466	\$ 240	\$ -	\$ -	\$ (94,833)	\$ -	\$ (36,597)

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2015

	21st Century Learning Center	21st Century Community/ 2015-16	Improving Teacher Quality, No Child Left, Title II, Part A	Title II, Part A - Digiaplooa	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (5,458)	\$ (132)	\$ (6,737)	\$ (17,174)	\$ 11,518	\$ 7,094,325
Receipts:								
Local sources	-	-	-	-	-	-	-	7,414,785
Intermediate sources	-	-	-	-	-	-	-	244
State sources	-	-	-	-	-	-	-	17,699,182
Federal sources	111,876	-	84,960	15,712	76,197	-	-	2,085,315
Temporary loans	-	-	-	-	-	-	-	505,800
Other receipts	-	-	-	-	-	382,154	4,432,862	4,956,584
Total receipts	111,876	-	84,960	15,712	76,197	382,154	4,432,862	32,661,910
Disbursements:								
Instruction	-	-	-	-	-	-	-	12,511,613
Support services	-	-	101,384	26,188	69,460	-	-	8,850,222
Noninstructional services	125,900	-	-	-	-	-	-	2,012,609
Facilities acquisition and construction	-	-	-	-	-	-	-	3,050,924
Debt service	-	-	-	-	-	-	-	2,816,604
Nonprogrammed charges	-	-	-	-	-	369,930	4,429,005	4,803,085
Total disbursements	125,900	-	101,384	26,188	69,460	369,930	4,429,005	34,045,057
Excess (deficiency) of receipts over disbursements	(14,024)	-	(16,424)	(10,476)	6,737	12,224	3,857	(1,383,147)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	164,861
Sale of capital assets	-	-	-	-	-	-	-	244,744
Transfers in	-	-	-	-	-	-	-	117,423
Transfers out	-	-	-	-	-	-	-	(117,423)
Total other financing sources (uses)	-	-	-	-	-	-	-	409,605
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,024)	-	(16,424)	(10,476)	6,737	12,224	3,857	(973,542)
Cash and investments - ending	\$ (14,024)	\$ -	\$ (21,882)	\$ (10,608)	\$ -	\$ (4,950)	\$ 15,375	\$ 6,120,783

SCOTT COUNTY SCHOOL DISTRICT 2  
 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
Cash and investments - beginning	\$ 1,052,929	\$ 1,551,364	\$ -	\$ 522,268	\$ 346,440	\$ 533,534	\$ 75,000	\$ 1,308,646
Receipts:								
Local sources	23,425	2,743,114	-	1,854,597	1,828,920	509,530	-	-
Intermediate sources	21	-	-	-	-	-	-	-
State sources	17,569,355	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	143,861	-	-	1,694	40,573	-	-	-
Total receipts	17,736,662	2,743,114	-	1,856,291	1,869,493	509,530	-	-
Disbursements:								
Instruction	12,136,681	-	-	-	-	-	-	429,284
Support services	5,287,288	-	-	1,160,484	1,557,297	204,152	-	-
Noninstructional services	129,115	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	639,224	-	-	-	-
Debt service	-	2,618,154	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	17,553,084	2,618,154	-	1,799,708	1,557,297	204,152	-	429,284
Excess (deficiency) of receipts over disbursements	183,578	124,960	-	56,583	312,196	305,378	-	(429,284)
Other financing sources (uses):								
Sale of capital assets	34,800	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	75,000	-
Transfers out	-	-	-	-	-	(75,000)	-	-
Total other financing sources (uses)	34,800	-	-	-	-	(75,000)	75,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	218,378	124,960	-	56,583	312,196	230,378	75,000	(429,284)
Cash and investments - ending	\$ 1,271,307	\$ 1,676,324	\$ -	\$ 578,851	\$ 658,636	\$ 763,912	\$ 150,000	\$ 879,362

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Extra-Curricular Activities	ECA Reimbursable Activities	Pepsi - ECA Field Trips
Cash and investments - beginning	\$ 252,014	\$ 406,038	\$ 85,383	\$ 93	\$ 723	\$ 1,388	\$ 1,966	\$ 22,014
Receipts:								
Local sources	-	408,737	150,653	-	-	-	11,604	12,663
Intermediate sources	-	-	-	-	244	-	-	-
State sources	-	11,863	118,400	-	-	-	-	-
Federal sources	-	906,592	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	5,390	322	-	-	-	-	12,544
Total receipts	-	1,332,582	269,375	-	244	-	11,604	25,207
Disbursements:								
Instruction	-	-	-	-	-	772	-	-
Support services	-	-	225,875	-	-	-	-	32,576
Noninstructional services	-	1,323,418	-	-	-	-	11,644	-
Facilities acquisition and construction	168,505	13,622	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	168,505	1,337,040	225,875	-	-	772	11,644	32,576
Excess (deficiency) of receipts over disbursements	(168,505)	(4,458)	43,500	-	244	(772)	(40)	(7,369)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(168,505)	(4,458)	43,500	-	244	(772)	(40)	(7,369)
Cash and investments - ending	\$ 83,509	\$ 401,580	\$ 128,883	\$ 93	\$ 967	\$ 616	\$ 1,926	\$ 14,645

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	John Ulen Scholarship Fund	Alumni Class of 56 Scholarship	SHS Alumni Association	M E P Scholarship Fund	Ivan & Faye Rogers Scholarship	Wilson Scholarship Fund	Joyce Hall Scholarship	SCSD2 - SHS Scholarship Fund
Cash and investments - beginning	\$ 18,606	\$ 13,114	\$ 4,367	\$ 44,167	\$ 941	\$ 2,154	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	59	-	200	25
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	59	-	200	25
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,830	1,000	4,367	500	500	500	200	-
Total disbursements	1,830	1,000	4,367	500	500	500	200	-
Excess (deficiency) of receipts over disbursements	(1,830)	(1,000)	(4,367)	(500)	(441)	(500)	-	25
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,830)	(1,000)	(4,367)	(500)	(441)	(500)	-	25
Cash and investments - ending	\$ 16,776	\$ 12,114	\$ -	\$ 43,667	\$ 500	\$ 1,654	\$ -	\$ 25

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Mildred McNay Scholarship Fund	Miscellaneous Programs	Kids First / We Care	Section 125 - Unreimburse Medical	Washington National Stock	Elementary Mentor Fund	Excellence Education Donation	Classroom Teacher Grants
Cash and investments - beginning	\$ 350	\$ 1,814	\$ 22,645	\$ -	\$ 34	\$ 38	\$ 409	\$ 4,497
Receipts:								
Local sources	-	-	26,668	-	39	-	-	1,732
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	5,944
Total receipts	-	-	26,668	-	39	-	-	7,676
Disbursements:								
Instruction	-	-	25,309	-	-	-	-	2,114
Support services	-	-	-	-	-	-	-	10,197
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	98	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	272	-
Total disbursements	-	-	25,309	-	-	-	370	12,311
Excess (deficiency) of receipts over disbursements	-	-	1,359	-	39	-	(370)	(4,635)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,359	-	39	-	(370)	(4,635)
Cash and investments - ending	\$ 350	\$ 1,814	\$ 24,004	\$ -	\$ 73	\$ 38	\$ 39	\$ (138)

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Collier - Warriorette Basketball	Donations for School Buildings	Student School Lunch Donations	Connect - Abilities Services	Formative Assessment	Instruction Support	Tech Prep	Secured Schools Safety Grant
Cash and investments - beginning	\$ 171	\$ 11,495	\$ 164	\$ -	\$ -	\$ 223	\$ (34,253)	\$ -
Receipts:								
Local sources	-	70,695	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	7,547	-	39,664	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	70,695	-	-	7,547	-	39,664	-
Disbursements:								
Instruction	-	3,513	-	-	7,547	-	39,664	-
Support services	-	100	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	1,000	-	-	-	-	-	49,994
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	4,613	-	-	7,547	-	39,664	49,994
Excess (deficiency) of receipts over disbursements	-	66,082	-	-	-	-	-	(49,994)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	66,082	-	-	-	-	-	(49,994)
Cash and investments - ending	\$ 171	\$ 77,577	\$ 164	\$ -	\$ -	\$ 223	\$ (34,253)	\$ (49,994)

SCOTT COUNTY SCHOOL DISTRICT 2  
 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	Miscellaneous Programs	IU Mentor Teacher Training	Senator David Ford Technology	Title I	Title I - Part D	Title I - 2015-2016	Americorps Grants
Cash and investments - beginning	\$ 35,860	\$ 1,466	\$ 240	\$ -	\$ -	\$ (94,833)	\$ -	\$ (36,597)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	4,404	36,570	-	-	-	-	-	-
Federal sources	22,794	-	-	-	-	264,487	449,036	205,972
Temporary loans	263,800	-	-	-	-	-	-	-
Other receipts	4,280	-	-	-	-	-	100	-
Total receipts	295,278	36,570	-	-	-	264,487	449,136	205,972
Disbursements:								
Instruction	-	18,386	-	-	-	79,166	337,440	-
Support services	4,898	-	-	-	-	18,779	120,401	-
Noninstructional services	-	-	-	-	-	71,709	88,898	188,905
Facilities acquisition and construction	280,628	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	285,526	18,386	-	-	-	169,654	546,739	188,905
Excess (deficiency) of receipts over disbursements	9,752	18,184	-	-	-	94,833	(97,603)	17,067
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,752	18,184	-	-	-	94,833	(97,603)	17,067
Cash and investments - ending	\$ 45,612	\$ 19,650	\$ 240	\$ -	\$ -	\$ -	\$ (97,603)	\$ (19,530)

SCOTT COUNTY SCHOOL DISTRICT 2  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	21st Century Learning Center	21st Century Community/ 2015-16	Improving Teacher Quality, No Child Left, Title II, Part A	Title II, Part A - Digaplooza	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (14,024)	\$ -	\$ (21,882)	\$ (10,608)	\$ -	\$ (4,950)	\$ 15,375	\$ 6,120,783
Receipts:								
Local sources	-	-	-	-	-	-	-	7,642,661
Intermediate sources	-	-	-	-	-	-	-	265
State sources	-	-	-	-	-	-	-	17,787,803
Federal sources	77,486	131,610	241,326	16,943	-	-	-	2,316,246
Temporary loans	-	-	-	-	-	-	-	263,800
Other receipts	-	-	-	-	-	378,643	4,566,895	5,160,246
Total receipts	77,486	131,610	241,326	16,943	-	378,643	4,566,895	33,171,021
Disbursements:								
Instruction	-	-	-	-	-	-	-	13,079,876
Support services	-	-	240,688	15,073	-	-	-	8,877,808
Noninstructional services	75,494	135,810	-	-	-	-	-	2,024,993
Facilities acquisition and construction	-	-	-	-	-	-	-	1,153,071
Debt service	-	-	-	-	-	-	-	2,618,154
Nonprogrammed charges	-	-	-	-	-	387,055	4,555,548	4,951,772
Total disbursements	75,494	135,810	240,688	15,073	-	387,055	4,555,548	32,705,674
Excess (deficiency) of receipts over disbursements	1,992	(4,200)	638	1,870	-	(8,412)	11,347	465,347
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	34,800
Transfers in	-	-	-	-	-	-	-	75,000
Transfers out	-	-	-	-	-	-	-	(75,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	34,800
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,992	(4,200)	638	1,870	-	(8,412)	11,347	500,147
Cash and investments - ending	\$ (12,032)	\$ (4,200)	\$ (21,244)	\$ (8,738)	\$ -	\$ (13,362)	\$ 26,722	\$ 6,620,930

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple	computer hardware-students	\$ 301,965	08/01/14	08/01/18
Apple	computer hardware-teachers	43,744	05/22/16	07/15/19
Darlage Farms	farm gound lease	18,914	12/01/15	12/31/16
Pitney Bowes	postage machine	1,260	06/01/15	09/01/20
Van Ausdall & Farrar	copier contracts	78,480	02/01/14	02/01/19
Scott County School District 2 Middle School Building Corporation	Scottsburg Middle School Building	1,441,000	05/01/07	01/15/25
Scott County School District 2 Building Corporation	2009 Technology Building Renovation	<u>215,000</u>	01/12/10	01/01/20
Total of annual lease payments		<u>\$ 2,100,363</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Misc projects at all schools	\$ 1,400,000	\$ 378,263
Notes and loans payable	Common School 2011	78,060	52,691
Notes and loans payable	Common School 2012	76,140	51,395
Notes and loans payable	Common School 2013	126,900	51,902
Notes and loans payable	Common School 2014	127,150	128,104
Notes and loans payable	Common School 2015	<u>125,750</u>	<u>126,379</u>
Totals		<u>\$ 1,934,000</u>	<u>\$ 788,734</u>

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 812,500
Buildings	43,216,796
Machinery, equipment, and vehicles	<u>678,300</u>
Total governmental activities	<u>44,707,596</u>
Total capital assets	<u><u>\$ 44,707,596</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 2, SCOTT COUNTY, INDIANA

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

We have audited the Scott County School District 2's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

As described in items 2016-009, 2016-010, and 2016-011 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Comparability; Annual Report Card, High School Graduation Rate; and Assessment System Security. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

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

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Comparability; Annual Report Card, High School Graduation Rate; and Assessment System Security, described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2014 to June 30, 2016.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, 2016-008, and 2016-014. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

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


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, 2016-011, 2016-012, 2016-013, and 2016-014, 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

August 23, 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 2  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			SY 14-15	\$ -	\$ 144,951	\$ -	\$ -
School Breakfast Program			SY 15-16	-	-	-	178,058
Total - School Breakfast Program				-	144,951	-	178,058
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555	SY 14-15	-	596,518	-	-
School Lunch Program - Commodities			SY 14-15	-	98,966	-	-
School Lunch Program			SY 15-16	-	-	-	715,817
School Lunch Program - Commodities			SY 15-16	-	-	-	83,278
Total - National School Lunch Program				-	695,484	-	799,095
Summer Food Service Program for Children							
Summer Feeding Program	Indiana Department of Education	10.559	SY 15-16	-	-	-	12,717
Total - Summer Food Service Program for Children				-	-	-	12,717
Total - Child Nutrition Cluster				-	840,435	-	989,870
Child Nutrition Discretionary Grants Limited Availability							
School Lunch Equipment Grant	Indiana Department of Education	10.579	SY 15-16	-	-	-	5,170
Total - Department of Agriculture				-	840,435	-	995,040
<b>Department of Education</b>							
Title I Grants to Local Educational Agencies							
Title I Part A	Indiana Department of Education	84.010	14-7255	-	318,114	-	-
Title I 2014-15			15-7255	-	500,583	-	264,487
Title I Part A 2015-16			16-7255	-	-	-	449,036
Total - Title I Grants to Local Educational Agencies				-	818,697	-	713,523
Special Education Cluster (IDEA)							
Special Education Grants to States							
FY2013 Part B 611	Indiana Department of Education	84.027	14213-038-PN01	-	129,628	-	-
FY2014 Part B 611			14214-157-PN01	-	486,094	-	96,439
FY2015 Part B 611			14215-038-PN01	-	39,271	-	429,931
FY2016 Part B 611			14216-036-PN01	-	-	-	155,916
FY2014 Technical Assistance			99914-157-PN01	-	7,877	-	2,078
Total - Special Education Grants to States				-	662,870	-	684,364
Special Education Preschool Grants							
FY 2013 Part B 619	Indiana Department of Education	84.173	45713-038-PN01	-	8,030	-	-
FY 2014 Part B 619			45714-157-PN01	-	31,340	-	1,832
FY 2015 Part B 619			45715-038-PN01	-	1,326	-	25,844
Total - Special Education Preschool Grants				-	40,696	-	27,676
Total - Special Education Cluster (IDEA)				-	703,566	-	712,040

SCOTT COUNTY SCHOOL DISTRICT 2  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Twenty-First Century Community Learning Centers 21st Century - 2014-15 21st Century - 2015-16	Indiana Department of Education	84.287	EDS# A58-5-15DL-2114 EDS# A58-5-16DL-3062	- -	111,876 -	- -	77,486 119,210
<b>Total - Twenty-First Century Community Learning Centers</b>				<b>-</b>	<b>111,876</b>	<b>-</b>	<b>196,696</b>
Rural Education Rural & Low Income Grant Rural & Low Income Grant	Indiana Department of Education	84.358	FY12 FY13	- -	22,334 53,863	- -	- -
<b>Total - Rural Education</b>				<b>-</b>	<b>76,197</b>	<b>-</b>	<b>-</b>
Improving Teacher Quality State Grants Title 2 Part A Title 2 Part A 2013-15 Elearning Grant Elearning Grant Title 2 Part A 2014-16 Title 2 Part A 2015-17	Indiana Department of Education	84.367	12-7255 13-7255 EDS# A58-4-14CL-1980 EDS# A58-5-15CL-2470 14-7255 15-7255	- - - - - -	5,026 79,934 15,712 - - -	- - - - - -	- 36,830 - 16,943 112,855 91,641
<b>Total - Improving Teacher Quality State Grants</b>				<b>-</b>	<b>100,672</b>	<b>-</b>	<b>258,269</b>
<b>Total - Department of Education</b>				<b>-</b>	<b>1,811,008</b>	<b>-</b>	<b>1,880,528</b>
<u>Corporation for National and Community Service</u> AmeriCorps Americorp Grant Americorp Grant Americorp Grant	Indiana Department of Workforce Development	94.006	EDS # F20-4-13-AF-08 12ADHIN0010012 13FXH1N001	- - -	49,066 128,466 -	- - -	- 47,418 137,079
<b>Total - AmeriCorps</b>				<b>-</b>	<b>177,532</b>	<b>-</b>	<b>184,497</b>
<b>Total - Corporation for National and Community Service</b>				<b>-</b>	<b>177,532</b>	<b>-</b>	<b>184,497</b>
<u>Department of Health and Human Services</u> Maternal and Child Health Services Block Grant to the States	Indiana State Department of Health	93.994		-	-	-	2,000
<b>Total - Maternal and Child Health Services Block Grant to the States</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>
<b>Total - Department of Health and Human Services</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>
<b>Total federal awards expended</b>				<b>\$ -</b>	<b>\$ 2,828,975</b>	<b>\$ -</b>	<b>\$ 3,062,065</b>

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

SCOTT COUNTY SCHOOL DISTRICT 2  
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. *Madison Area Educational Special Services Unit***

The School Corporation was a member of Madison Area Educational Special Services Unit (MAESSU). MAESSU operates the Special Education Programs for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial Statement of the School Corporation.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported

Type of auditor's report issued on compliance for major programs:

Child Nutrition Cluster	Unmodified
Title I Grants to Local Educational Agencies	Qualified
Special Education Cluster (IDEA)	Unmodified
Twenty-First Century Community Learning Centers	Unmodified
Improving Teacher Quality State Grants	Unmodified
AmeriCorps	Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
	Special Education Cluster (IDEA)
84.287	Twenty-First Century Community Learning Centers
84.367	Improving Teacher Quality State Grants
94.006	AmeriCorps

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

Auditee qualified as low-risk auditee?	no
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SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**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 2014-001 from the immediately prior audit.

*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). No evidence was presented for audit that indicated someone other than the person entering the federal grant information into the Indiana Gateway for Government Units was reviewing the information for accuracy.

*Context*

The SEFA contained the following errors:

1. Twenty-one grants were omitted, resulting in an understatement of expenditures in the amount of \$2,652,222.
2. Four state grants were incorrectly reported, resulting in an overstatement of expenditures in the amount of \$104,254.
3. Twelve grants were incorrectly reported, resulting in an overstatement of expenditures in the amount of \$781,942.
4. Only one grant reported the CFDA number.
5. All grants were incorrectly reported as direct grants and, therefore, did not properly identify the pass-through agency.

The net amount of errors resulted in an understatement of federal expenditures in the amount of \$1,766,026.

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:

SCOTT COUNTY SCHOOL DISTRICT 2  
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. . . ."

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."

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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.

*Views of Responsible Officials*

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

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

**FINDING 2016-002**

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Eligibility, Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles, Eligibility, Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Findings 2014-003, 2014-004, and 2014-006 from the immediately prior audit.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles, Eligibility, Program Income, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Allowable Costs/Cost Principles*

The School Corporation had not designed and implemented internal controls to ensure that the School Corporation expended funds for allowable costs of the programs. Procedures had not been implemented to require employees compensated from multiple costs objectives to document the hours worked on each cost objective.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Eligibility*

The School Corporation had not designed or implemented adequate procedures to ensure compliance with Eligibility requirements. The same individual was responsible for entering eligibility income guidelines, inputting the individual student's free and reduced price application information into the computer system, and performing verifications of the applications.

*Program Income*

The School Corporation had not designed internal controls to ensure that financial activity derived from student meals were properly recorded in the School Lunch fund. The School Corporation had not separated incompatible duties associated with program income derived from the sale of meals. The same person was responsible for recording monies collected, recording receipts, collecting and depositing funds, and recording adjustments.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

The School Corporation had not designed or implemented adequate control procedures to ensure that the verifications for free and reduced price applications were reviewed. There was no segregation of duties, such as an oversight, review or approval process over compliance with the verification of free and reduced price application requirements.

*Context*

This was a systemic problem throughout the entire audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

SCOTT COUNTY SCHOOL DISTRICT 2  
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 2016-003**

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

*Repeat Finding*

This is a repeat of Finding 2014-005 from the immediately prior audit.

*Condition*

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

The monthly cash balance (net cash resources) for the School Lunch fund exceeded the three months average expenditures for 4 of the 24 months during the audit period.

*Context*

Although the noncompliance was limited to the months of July 2014, August 2014, June 2015, and June 2016, the lack of controls was a systemic problem, which occurred throughout the audit period.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR section 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

(iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in a 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 Cash Management compliance requirement.

*Views of Responsible Officials*

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

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-004***

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

*Repeat Finding*

This is a repeat of Finding 2014-014 from the immediately prior audit relating to the suspension and debarment requirements.

*Condition*

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not require that an adequate number of quotes be obtained for small purchases with estimated costs above \$3,500. Several purchases of like-kind items exceeding \$3,500 were made without an adequate number of price or rate quotations being obtained.

A monitoring or review process had not been established to ensure that the vendors selected for procured products were not suspended or debarred from participation in federal programs. There were six instances of vendors being paid at least \$25,000 during the audit period in which verification to ensure the vendor was not suspended or debarred was not performed.

*Context*

The lack of obtaining an adequate number of price or rate quotations was a systemic problem throughout 2016 fiscal year.

Procedures and policies to ensure that vendors had not been suspended or debarred from participating in federal programs were not in place 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. . . ."

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

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

(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. . . ."

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

*Cause*

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

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the 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 2016-005**

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

*Repeat Finding*

This is a repeat of Finding 2014-007 from the immediately prior audit.

*Condition*

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

The amounts reported for food expense and miscellaneous expense within the expense section of the Annual Financial Report (AFR) for the 2014-2015 program year did not agree with the School Corporation's financial records. The beginning and ending balances reported in the account balance section of the AFR did not agree with the balances of the School Lunch fund per the fund report.

The amounts reported under the income section of the AFR for the 2015-2016 program year did not agree with the School Corporation's Revenue History Reports. The beginning and ending balances reported in the account balance section of the AFR did not agree with the balances of the School Lunch fund per the fund report.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls and noncompliance was a systemic problem 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 3016.20(b)(1) states: "*Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

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

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2016-006**

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity  
Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2014-008 from the immediately prior audit.

*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 - Paid Lunch Equity compliance requirement.

No controls were in place to ensure that the School Corporation performed price calculations and retained records of these calculations. Paid lunch equity price calculations were not presented for audit in order to be able to determine compliance with program requirements.

*Context*

This was a systemic problem 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. . . ."

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.333 states in part:

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

*Cause*

Management of the School Corporation had not developed a system of internal controls to ensure that supporting documentation was maintained and made available for audit relating to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

*Effect*

The failure to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that future documentation is retained and made available for audit relating to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-007***

Subject: Title I Grants to Local Educational Agencies - Procurement, 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): 14-7255, 15-7255, 16-7255  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Procurement and Suspension and Debarment, Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2014-010 from the immediately prior audit relating to reporting.

*Condition*

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Procurement and Reporting compliance requirements.

The School Corporation did not have proper controls in place to ensure that an adequate number of quotes were obtained for small purchases with estimated costs above \$3,500.

The Treasurer/Business Manager was responsible for the preparation and submission of the Final Annual Expenditure Reports. There were no controls in place to ensure the accuracy and completeness of those reports. No one other than the preparer of the reports was reviewing the reports prior to submission.

*Context*

The lack of controls to ensure compliance with the purchasing methods was a systemic issue with award number 16-7255.

The lack of controls over the Final Annual Expenditure Reports was a systemic issue throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Procurement and Reporting compliance requirements.

*Effect*

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

*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 2016-008**

Subject: Title I Grants to Local Educational Agencies, Twenty-First Century Community Learning Centers Program, Improving Teacher Quality State Grants - Special Tests and Provisions - Schoolwide Programs

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, Twenty-First Century Community Learning Center Program, Improving Teacher Quality State Grants

CFDA Numbers: 84.010, 84.287, 84.367

Federal Award Numbers and Years or (Other Identifying Numbers): 14-7255, 15-7255, 16-7255, A58-5-15-DL-2114, A58-5-16-DL-3062, 12-7255, 13-7255, 14-7255, 15-7255, A58-4-14CL-1980, A58-5-15CL-2470

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Schoolwide Programs

Audit Findings: Material Weakness, Other Matters

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

Management of the School Corporation did not have an effective internal control system in place to ensure compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement. Documentation was not presented for audit to verify that the schools operating a schoolwide program included the following required core elements:

1. Comprehensive needs assessment.
2. Comprehensive plan.
3. Annual evaluation of the schoolwide program.

*Context*

The lack of controls was a systemic problem throughout the entire audit period and prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Schoolwide Programs 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). . . ."

34 CFR 200.26 states:

"(a) *Comprehensive needs assessment.*

- (1) A school operating a schoolwide program must conduct a comprehensive needs assessment of the entire school that—
  - (i) Is based on academic achievement information about all students in the school, including all groups under § 200.13(b)(7) and migratory children as defined in section 1309(2) of the ESEA, relative to the State's academic standards under § 200.1 to—

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (A) Help the school understand the subjects and skills for which teaching and learning need to be improved; and
  - (B) Identify the specific academic needs of students and groups of students who are not yet achieving the State's academic standards; and
- (ii) Assesses the needs of the school relative to each of the components of the schoolwide program under § 200.28.
- (2) The comprehensive needs assessment must be developed with the participation of individuals who will carry out the schoolwide program plan.
  - (3) The school must document how it conducted the needs assessment, the results it obtained, and the conclusions it drew from those results.
- (b) *Comprehensive plan.* Using data from the comprehensive needs assessment under paragraph (a) of this section, a school that wishes to operate a schoolwide program must develop a comprehensive plan, in accordance with § 200.27, that describes how the school will improve academic achievement throughout the school, but particularly for those students furthest away from demonstrating proficiency, so that all students demonstrate at least proficiency on the State's academic standards.
- (c) *Evaluation.* A school operating a schoolwide program must—
- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;
  - (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and
  - (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

*Cause*

Management had not developed a system of internal controls to ensure that documentation was maintained to support compliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Effect*

The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement. The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement that have a direct and material effect to the programs could result in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation is maintained to support its compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Program compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2016-009**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability  
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): 14-7255, 15-7255, 16-7255  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Comparability  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat of Finding 2014-011 from the immediately prior audit.

*Condition*

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

The School Corporation had not designed or implemented internal controls to ensure comparability information was properly reported and supporting documentation was retained to support figures used in the calculation. The number of full-time equivalency staff and a comparison between local services provided to each school could not be verified.

*Context*

This lack of controls was a systemic issue throughout the audit period that prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability 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. . . ."

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.333 states in part:

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

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured that records related to the Special Tests and Provisions - Comparability compliance requirement were maintained and made available for audit.

*Effect*

The failure to retain appropriate documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish effective controls to ensure supporting documentation related to the Special Tests and Provisions - Comparability compliance requirement is maintained for audit.

*Views of Responsible Officials*

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

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-010***

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): 14-7255, 15-7255, 16-7255  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

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

The 2015 and 2016 Graduation Cohort Status Reports were not presented for audit. Therefore, we were unable to test students listed as mobile on the reports and determine if the School Corporation was in compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Context*

This was a systemic issue throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 200.19(b) states in part:

"High schools—

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

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

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

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

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

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

- (2) *Transitional graduation rate.*

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

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

(ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—

(A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;

(B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and

(C) A dropout may not be counted as a transfer. . . ."

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured that documentation related to the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement was maintained and made available for audit.

*Effect*

The failure to retain appropriate documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish effective controls to ensure supporting documentation related to the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement is maintained for audit.

*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: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-7255, 15-7255, 16-7255  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Assessment System Security  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement. Indiana Testing and Integrity Agreements for any individual who administered, handled, or had access to secure test materials at the district or school level were not maintained for audit. Therefore, compliance with this requirement could not be determined.

*Context*

The lack of documentation that individuals had been properly trained on the assessment system security was a systemic issue throughout the audit period.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

The Indiana Assessment Program Manual, Chapter 13, Section 9, Part A states in part: ". . . School Corporation, accredited nonpublic school, charter school, and Choice school administrators must develop, implement and assess procedures for the secure storage, administration and delivery of standardized test books back to the IDOE via the test contractor."

Indiana Assessment Program Manual, Chapter 13, Section 4, Part D states in part: ". . . Ensure all applicable school and corporation staff review and sign the Indiana Testing Security and Integrity Agreement annually by the end of September as described in the Code of Ethical Practices and Procedures. . . ."

Scott County School District 2 Bylaws & Policies 2623.01 -  
Test Security for Statewide Assessments policy states:

"Any individual who administers, handles, or has access to secure test materials at the Corporation or school shall complete assessment training and shall annually sign no later than the last day of September a Testing Security and Integrity Agreement, which shall remain on file in the appropriate Corporation-level office for a period of no fewer than three years. Training shall be provided at the building level by the Corporation Test Coordinator (CTC) (or designee), who has completed the required IDOE-provided training."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured documentation related to the Special Tests and Provisions - Assessment System Security compliance requirement was maintained and made available for audit.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that supporting documentation related to the Special Tests and Provisions - Assessment System Security compliance requirement is maintained for audit.

*Views of Responsible Officials*

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

**FINDING 2016-012**

Subject: Improving Teacher Quality State Grants - Period of Performance

Federal Agency: Department of Education

Federal Program: Improving Teacher Quality State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 12-7255, 13-7255,  
14-7255, 15-7255,  
A58-4-14CL-1980,  
A58-5-15CL-2470

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Finding: Material Weakness

*Condition*

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

Controls had been established that all claims were reviewed and approved by the School Board and that reimbursement requests prepared by the Treasurer were reviewed and approved by the Superintendent of Schools prior to submission to the state. However, during the review of the claims and reimbursement requests, period of performance was not being considered in all instances, which resulted in some grants being overspent and subsequent adjustments being made.

*Context*

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

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not effectively implemented a system of internal controls to ensure compliance with the grant agreement and the Period of Performance compliance requirement.

*Effect*

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

*Views of Responsible Officials*

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

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2016-013**

Subject: AmeriCorps - Internal Controls

Federal Agency: Corporation for National and Community Service

Federal Program: AmeriCorps

CFDA Number: 94.006

Federal Award Numbers and Years (or Other Identifying Numbers): F20-4-13-AF-08,  
12ADHIN0010012,  
13FXIN001

Pass-Through Entity: Indiana Department of Workforce Development

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash  
Management; Eligibility; Matching, Level of Effort, Earmarking;  
Period of Performance

Audit Finding: Material Weakness

*Condition*

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

*Activities Allowed or Unallowed and Allowable Costs/Cost Principles*

The School Corporation entered into a Memorandum of Understanding with Scott County Partnership, Inc., to administer the AmeriCorps program. The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure disbursements paid by Scott County Partnership, Inc., on behalf of the School Corporation were for activities allowed and allowable costs of the program.

*Cash Management*

The School Corporation entered into a Memorandum of Understanding with Scott County Partnership, Inc., to administer the AmeriCorps program. The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure disbursements were paid by Scott County Partnership, Inc., on behalf of the School Corporation prior to the reimbursement request being submitted to the pass-through agency.

*Eligibility*

The School Corporation entered into a Memorandum of Understanding with Scott County Partnership, Inc., to administer the AmeriCorps program. The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure Scott County Partnership, Inc., had properly verified that the members serving under the AmeriCorps program met the eligibility guidelines.

*Matching, Level of Effort, Earmarking*

The School Corporation entered into a Memorandum of Understanding with Scott County Partnership, Inc., to administer the AmeriCorps program. The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure the matching requirement per the grant agreements were met and the amount charged for administrative costs of the grant did not exceed the allowable amount.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Period of Performance*

The School Corporation entered into a Memorandum of Understanding with Scott County Partnership, Inc., to administer the AmeriCorps program. The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure the disbursements paid from the AmeriCorps program funds were incurred within the period of performance outlined in the grant agreements.

*Context*

The lack of controls to ensure compliance with the requirements of the AmeriCorps program were a systemic issue throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with 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.

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2016-014**

Subject: AmeriCorps - Reporting

Federal Agency: Corporation for National and Community Service

Federal Program: AmeriCorps

CFDA Number: 94.006

Federal Award Numbers and Years (or Other Identifying Numbers): F20-4-13-AF-08,  
12AFHIN0010012,  
13FXHIN001

Pass-Through Entity: Indiana Department of Workforce Development

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

*Condition*

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement. The School Corporation had a Memorandum of Understanding with the Scott County Partnership, Inc., to administer the AmeriCorps grant. Personnel from the School Corporation were not monitoring the Scott County Partnership, Inc., to ensure compliance with the reporting requirements.

Supporting documentation provided for audit did not support the amounts reported on the 2013-2014 final aggregate report and the 2014-2015 and 2015-2016 semiannual aggregate reports.

*Context*

The lack of controls and lack of documentation to support the semiannual and final aggregate reports were systemic problems 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. . . ."

SCOTT COUNTY SCHOOL DISTRICT 2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.20(b)(1) states: "Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

2 CFR 200.302 states in part: ". . . (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 compliance with the Reporting compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and 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 Reporting compliance requirement.

*Views of Responsible Officials*

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

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#### 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 2

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2014-003***

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

#### Status of Audit Finding:

Starting the 2016-17 school year, the Business Manager will review the income document and the application to ensure proper eligibility. The Food Service Director verifies the applications. Starting in 2018-19 the business manager will review each application.

### ***FINDING 2014-004***

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman  
Contact Phone Number: 812-752-8982

#### Status of Audit Finding:

Starting 2016-17, semi-annual certifications are kept in the District Food Service Coordinator's office. And starting September 2016, those employees that are split between food service and other funds will maintain a personal activity log.

Dr. Marc Slaton, Superintendent  
Mr. Casey Brewster, Assistant Superintendent  
Ms. Melinda Sparkman, Business Manager

375 East McClain Avenue  
Scottsburg, IN 47170  
Phone: 812-752-8921  
Fax: 812-752-7592

**FINDING 2014-005**

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

Starting September 2016 a monthly report is provided by the Business Mgr to the DFSC that shows monthly expenses and revenue to monitor the cash balance. Starting in 2018-19 the Food Service Director will review the calculation every quarter and the Business Manager will approve.

**FINDING 2014-006**

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

Any adjustments to student accounts are approved by the Business Manager. Small claim write-offs are no longer done. The Student Service clerk performs a monthly reconciliation on each month's activity in the Prepaid Account.

The head cooks collect the lunch/breakfast money, the Student Services Clerk makes the deposit and the Food Services Director makes any adjustments to the child's account.

**FINDING 2014-007**

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman. Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

The DFSC was trained in August 2016 on the Annual Financial Report. The DFSC completes the annual report. Starting in 2018-19 the Business Manager will review and sign the report.

**FINDING 2014-008**

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

The DFSC monitors the DOE School Nutrition site to ensure procedures are performed. The DFSC prepares the Paid Lunch Equity Calculation. Starting in 2018-19 the Business Manager reviews and approves the calculations.

**FINDING 2014-009**

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

Starting the 2016-17 school year both the Business Manager and Title 1 Director reviews and approves expenditures to ensure costs are allowable under the allowable costs under the Title 1 program. Semi-annual certs are maintained by the Title 1 Director. Split in employee's pay are no longer occurring.

**FINDING 2014-010**

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

Starting in 2016-17, the reimbursement request prepared by the Treasurer/Business Manager is reviewed and approved by the Superintendent to ensure Cash Management requirements are being adhered to.

Starting in 2018-19 supporting documentation for information on the grant application will be provided to the Superintendent who will then review the grant application and compare it to the supporting documentation to ensure they agree prior to certifying the grant application.

Starting in 2016-17 reimbursement requests and annual expenditure reports are prepared by the Business Manager and reviewed and approved by the Superintendent for accuracy and completeness.

***FINDING 2014-011***

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

The Title 1 Director maintains the documentation for the biennial report and the comparability info. Starting in 2018-19 the Superintendent will review and approve the report.

***FINDING 2014-012***

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

Starting in 2016-17, The Title 1 Director ensures compliance that the Title 1 staff meet the necessary qualifications by maintaining a checklist.

***FINDING 2014-013***

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:


Effective July 2016 Scott 2 is no longer part of the Madison Educational Special Services Unit. From that period reimbursement requests are prepared by the Business Manager and reviewed by the Director of Special Education.

**FINDING 2014-014**

Fiscal year in which the finding initially occurred: June 30, 2012 to July 30, 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Melinda Sparkman, Treasurer  
Contact Phone Number: 812-752-8982

Status of Audit Finding:

The DFSC reviewed the requirements with the DOE Field Rep in Aug 2016. And she attending training in June 2018. All of our vendors are done through HPS (Hospital Purchasing Services), which approves the vendor per the DOE requirements. HPS requires suspension and debarment certification as part of their contract.

  
\_\_\_\_\_  
(Signature)  
  
Business Manager  
\_\_\_\_\_  
(Title)  
  
7.30.18  
\_\_\_\_\_  
(Date)



Scott County School District 2

## CORRECTIVE ACTION PLAN

### ***FINDING 2016-001***

Contact Person Responsible for Corrective Action: Christy Corum

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

#### Description of Corrective Action Plan:

The listing of federal awards will be compared back to the Funds Report from the accounting system. This will be used as a checklist to compare to the listing of federal awards listed in the Schedule of Expenditures of Federal Awards (SEFA)

Anticipated Completion Date: August 2018

### ***FINDING 2016-002***

Contact Person Responsible for Corrective Action: Sue Hart

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan: An internal control systems have been established and put into place. Segregation of duties has been established. Student Service Clerk will be double checking on the free and reduced applications and verification and helping in getting people to respond. On allowable cost, a log of hours worked for food service is being documented and signed off by business manager. Lunch money is collected daily then counted by two people, signed off on then deposited at the bank. Cafeteria Managers then turn in deposits slips to Student Service Clerk. The Student Service Clerk then records deposits.

Anticipated Completion Date: August 2018

Dr. Marc Slaton, Superintendent  
Mr. Casey Brewster, Assistant Superintendent  
Ms. Melinda Sparkman, Business Manager

375 East McClain Avenue  
Scottsburg, IN 47170  
Phone: 812-752-8921  
Fax: 812-752-7592

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: Sue Hart

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

Starting September 2016 a monthly report was provided by the Business Mgr to the Food Service Director that shows monthly expenses and revenue to monitor the cash balance. Starting in 2018-19 the Food Service Director will perform the calculation every quarter and the Business Manager will approve.

Anticipated Completion Date: August 2018

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Sue Hart

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

The Food Service Director reviewed the requirements with the DOE Field Rep in Aug 2016. And she attending training in June 2018. All of our vendors are done through HPS (Hospital Purchasing Services), which approves the vendor per the DOE requirements. HPS requires suspension and debarment certification as part of their contract. The Food Service will obtain 3 quotes for purchases over \$3500 and verify that vendors are not or have not been suspended or disbarred from participation in federal programs.

The Food Service Director and Business Manager will ensure a Procurement Suspension and Debarment Compliance file is maintained and verification through cooperative purchasing agents or signed certification by vendors selected for procured products are updated annually.

Anticipated Completion Date: August 2018

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Sue Hart

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

The Food Service Director met with the DOE Field Consultant in August 2016 and was trained on the completion of the Annual Financial Report. The Business Manager will review and sign the report as well when completed.

Anticipated Completion Date: August 2018

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: Sue Hart

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

Scott 2 is currently using the PLE tool and will continue to analyze. This procedure is on the DOE School Nutrition website as well as other procedures. The Food Service Director monitors this site to ensure all procedures are performed and will maintain the calculations for review. The Business Manager will review and approve the calculations.

Anticipated Completion Date: August 2018

**FINDING 2016-007**

Contact Person Responsible for Corrective Action: Casey Brewster

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

- A. Scott 2 will have two people (Superintendent, Title 1 Director or Business Manager) review and sign off on reimbursement requests, grant application and annual expenditure reports.
- B. An additional section will be added to PO Request forms requiring the presentation of three or more quotes for small purchases with estimated costs above \$3,500 or the signed acknowledgement of the requestor and the approver of estimated costs below \$3,500.
- C. Complete and accurate preparation and submission of the Final Annual Expenditure Report will be ensured by requiring sign off by at least two people (Superintendent, Title 1 Director or Business Manager).

Anticipated Completion Date:

- A. Starting in the 2016-17 school year
- B. August 2018
- C. August 2018

**FINDING 2016-008**

Contact Person Responsible for Corrective Action: Casey Brewster

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

The following core elements will be completed and signed off by the Superintendent and Title I Director and kept on file in the office of the Title I Director each year:

- 1. Comprehensive needs assessment
- 2. Comprehensive plan
- 3. Annual evaluation of the schoolwide program

Anticipated Completion Date: August 2018

**FINDING 2016-009**

Contact Person Responsible for Corrective Action: Casey Brewster

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

Scott 2 will ensure the comparability information is properly calculated and reported by having both the Title I Director and the Business Manager or Superintendent review and sign off on the biennial report. The Title I Director, Business Manager, and Superintendent are aware of the biennial report requirements. The documentation will be maintained in the Scott 2 Admin Office by the Title I Director.

Anticipated Completion Date: August 2016

**FINDING 2016-010**

Contact Person Responsible for Corrective Action: Casey Brewster

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

A "Compliance Requirement Documents" checklist will be created and maintained by the Title I Director annually. The checklist and the folder containing all required documents will include the Annual Graduation Cohort Status Reports, as accessed through Indiana's Learning Connection.

Anticipated Completion Date: August 2018

**FINDING 2016-011**

Contact Person Responsible for Corrective Action: Casey Brewster

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

Administrative Guideline will be added to the appropriate district policy, **2623.01 - TEST SECURITY PROVISIONS FOR STATEWIDE ASSESSMENTS**, requiring the retention and delivery to the district central office all Indiana Testing and Integrity Agreements from each school building each year. This documentation will be reviewed and maintained at the central office for future use or review.

Anticipated Completion Date: August 2018

**FINDING 2016-012**

Contact Person Responsible for Corrective Action: Christy Corum

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

The Business Manager will establish separate fund numbers for the Improving Teacher Quality State Grants to ensure the correct period of performance is used. Also movement of expenses will be detailed by line item when and if moved from old grant to new.

Anticipated Completion Date: Starting in August 2018

**FINDING 2016-013**

Contact Person Responsible for Corrective Action: Christy Corum

Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

Scott 2 district staff have a meeting scheduled with the Scott County Partnership in late August to establish internal controls related to the grant agreement and the compliance requirements.

Anticipated Completion Date: December 2018

**FINDING 2016-014**

Contact Person Responsible for Corrective Action: Christy Corum

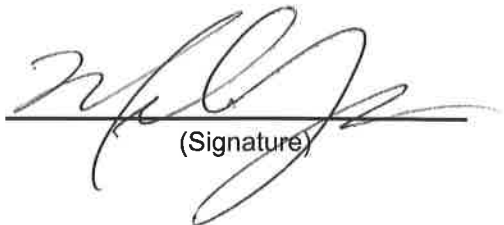
Contact Phone Number: 812-752-8921

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan:

Scott 2 district staff have a meeting scheduled with the Scott County Partnership in late August to establish internal controls related to the grant agreement and the compliance requirements.

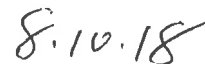
Anticipated Completion Date: December 2018



(Signature)

Business Manager

(Title)



(Date)

#### OTHER REPORTS

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