

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
MADISON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
09/17/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-41
Schedule of Leases and Debt	42
Schedule of Capital Assets.....	43
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	46-49
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	52-53
Notes to Schedule of Expenditures of Federal Awards	54
Schedule of Findings and Questioned Costs	55-103
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	106-108
Corrective Action Plan	109-118
Other Reports.....	119

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lynn Hall	07-01-14 to 06-30-19
Superintendent of Schools	Bobby Fields	07-01-14 to 06-30-19
President of the School Board	Brian Gill	01-01-14 to 12-31-14
	Joseph Kelich	01-01-15 to 12-31-15
	Tami Davis	01-01-16 to 12-31-16
	Brian Gill	01-01-17 to 12-31-17
	Tami Davis	01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE FRANKTON-LAPEL COMMUNITY
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of 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 14, 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 14, 2018



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

TO: THE OFFICIALS OF THE FRANKTON-LAPEL COMMUNITY
SCHOOL CORPORATION, MADISON 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 Frankton-Lapel Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated August 14, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 to be material weaknesses.

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

Compliance and Other Matters

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

Frankton-Lapel Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 14, 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.

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

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ (27,585)	\$ 15,483,417	\$ 15,579,762	\$ (420,428)	\$ (544,358)	\$ 18,098,098	\$ 15,713,074	\$ (1,362,297)	\$ 478,369
Debt Service	1,105,176	6,105,306	5,088,630	-	2,121,852	6,154,309	5,218,104	-	3,058,057
Capital Projects	75,038	887,058	1,240,493	829	(277,568)	663,463	776,376	-	(390,481)
School Transportation	(93,940)	1,216,911	1,388,488	-	(265,517)	1,188,095	1,308,030	26,334	(359,118)
School Bus Replacement	197,865	276,949	222,722	5,900	257,992	215,753	315,519	7,900	166,126
Rainy Day	232,387	-	-	-	232,387	-	-	-	232,387
School Lunch	942,519	1,199,240	1,311,499	-	830,260	1,406,834	1,593,631	-	643,463
Textbook Rental	278,004	411,738	467,962	-	221,780	542,806	537,255	-	227,331
Self-Insurance	-	2,671,118	2,655,182	420,428	436,364	1,036,137	2,798,460	1,362,297	36,338
Levy Excess	26,262	-	-	-	26,262	-	-	(26,262)	-
LES PTG Technology	-	-	12,565	-	(12,565)	20,300	7,735	-	-
Toolbox for Education Grant	-	5,000	5,000	-	-	-	-	-	-
FJSHS Kids in Need Grant	500	-	-	-	500	-	-	-	500
FJSHS Science Grant	8	-	3	-	5	5,000	-	-	5,005
LES Charolette's Web Grant	1,000	-	1,000	-	-	-	-	-	-
FES PTG Technology	(192)	14,723	24,169	-	(9,638)	15,320	5,682	-	-
Alex's Project	(2,520)	-	-	-	(2,520)	-	(2,520)	-	-
LMS South Madison Foundation Grant	849	800	632	-	1,017	1,800	1,506	-	1,311
LHS South Madison Foundation Grant	1,835	1,736	2,091	-	1,480	2,696	2,534	-	1,642
LES South Madison Foundation Grant	486	2,156	1,185	-	1,457	2,047	2,767	-	737
Autism Grant FJSHS	1,938	-	474	-	1,464	-	1,187	-	277
Kindergarten Camp Grant	3,320	11,370	4,850	-	9,840	-	9,944	-	(104)
Community Hospital Healthcare Grant	2,932	6,000	4,336	-	4,596	4,500	5,406	-	3,690
Realizing the Dream Grant	-	1,000	1,000	-	-	-	-	-	-
Elementary Library Gift	500	-	-	-	500	-	-	-	500
Full Day Kindergarten Grant	450,675	238,754	689,429	-	-	-	-	-	-
Child Care	6,842	114,443	121,340	-	(55)	114,829	125,004	-	(10,230)
All Day Kindergarten	4,566	1,458	6,024	-	-	100	6,030	-	(5,930)
Age 4 Pre-school	245,098	244,137	283,954	-	205,281	252,938	186,304	-	271,915
ISTEP	1,200	-	-	-	1,200	-	-	-	1,200
Dickson Scholarship FJSHS	7,461	-	-	-	7,461	-	-	-	7,461
Copeland Reading Scholarship	1,645	279	300	-	1,624	200	300	-	1,524
LHS Teachers for Tomorrow	-	-	-	-	-	10,000	-	-	10,000
Construction, Remodeling, and Equipping Buildings	-	-	-	-	-	-	37,842	-	(37,842)
Disaster Related Expenses	1,875	-	-	-	1,875	-	-	-	1,875
Pepsi	3,223	12,820	9,681	-	6,362	9,228	12,828	-	2,762
Tuition	27,878	150	-	-	28,028	200	11,355	-	16,873
Building Corporation	(65,882)	65,882	-	-	-	-	-	-	-
2004-05 IndianaNext Grant	251	-	251	-	-	-	-	-	-
Reimbursement	(150)	-	(150)	-	-	-	5,125	-	(5,125)
Private School Account	2,275	-	-	-	2,275	7,291	9,566	-	-
LHS Library	283	1,246	930	-	599	656	389	-	866

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

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
LMS Faculty	-	48	-	-	48	-	-	-	48
FJSHS Library	573	1,787	27	-	2,333	1,002	304	-	3,031
LHS Scholarship	-	2,250	1,000	-	1,250	-	-	-	1,250
LES Library	-	290	-	-	290	363	25	-	628
FES Library	-	-	6	-	(6)	-	(6)	-	-
LMS Library	-	57	-	-	57	61	-	-	118
LHS River	-	11,000	-	-	11,000	-	1,989	-	9,011
Formative Assessment	-	-	-	-	-	23,933	23,933	-	-
2015-16 High Ability Grant	-	-	-	-	-	37,448	23,788	-	13,660
2014-15 High Ability Grant	-	36,502	12,254	-	24,248	-	24,248	-	-
2013-14 High Ability Grant	5,924	-	5,924	-	-	-	-	-	-
2012-13 High Ability Grant	3,557	-	3,557	-	-	-	-	-	-
2013 Special Education Technical Assistance	(12,428)	12,428	-	-	-	-	-	-	-
Summer School	41,237	-	41,237	-	-	-	-	-	-
Damage/Accidents/Insurance	4,413	-	175	-	4,238	68,124	-	-	72,362
Special Education Cooperative Grant Certified	(9,269)	45,895	13,366	-	23,260	2,271	25,531	-	-
Special Education Cooperative Grant Non-Certified	(11,472)	44,380	15,521	-	17,387	1,922	19,309	-	-
Non-English Speaking Programs	2,363	1,557	3,005	-	915	4,737	3,073	-	2,579
School Technology	15,306	8,019	19,221	-	4,104	6,564	1,260	-	9,408
Technology Plan Buddy	-	276,500	276,500	-	-	-	-	-	-
Technology E-Rates	(2,825)	18,417	11,910	-	3,682	130,071	-	-	133,753
GQE Remediation Grant	12,892	13,057	527	-	25,422	-	211	-	25,211
Testing/Instructional Assistants	-	50	-	-	50	185	165	-	70
Senator David Ford Technology	3,739	-	-	-	3,739	-	-	-	3,739
2015-16 Rural/Low Income Grant	-	-	-	-	-	19,167	23,959	-	(4,792)
2013-14 Title I Grant	(32,633)	53,888	21,255	-	-	-	-	-	-
2014-15 Title I Grant	-	282,241	337,692	-	(55,451)	93,574	38,123	-	-
2015-16 Title I Grant	-	-	-	-	-	327,732	368,668	-	(40,936)
2013-14 Title II, Part A IDEA	(6,429)	3,913	(2,516)	-	-	-	-	-	-
2014-15 Title II, Part A	-	-	69,619	-	(69,619)	58,538	14,056	-	(25,137)
2015-16 Title II, Part A	-	-	-	-	-	49,242	54,426	-	(5,184)
Prepaid Lunch	-	-	-	-	-	712,531	671,672	-	40,859
Payroll Withholdings	2,168	3,652,092	3,652,009	-	2,251	3,785,412	3,785,504	-	2,159
Totals	\$ 3,450,738	\$ 33,438,062	\$ 33,606,091	\$ 6,729	\$ 3,289,438	\$ 35,075,477	\$ 33,769,671	\$ 7,972	\$ 4,603,216

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Disbursements

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

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the 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. Any other funds with cash balance deficits are a result of expenditures exceeding receipts and available cash balances.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Restatements - Education Jobs Fund

An Education Jobs Fund was reported in the prior financial statement with an ending cash balance of \$16,593, but was not presented as a fund in the current financial statement.

Note 10. Holding Corporations

The School Corporation has entered into a capital lease with Frankton-Lapel North Elementary 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 ended June 30, 2015 and 2016, totaled \$1,887,000 and \$1,891,500, respectively.

The School Corporation has entered into a capital lease with Frankton-Lapel South High 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 ended June 30, 2015 and 2016, totaled \$2,873,500 and \$2,957,500, respectively.

The School Corporation has entered into a capital lease with Frankton-Lapel High 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 ended June 30, 2015 and 2016, totaled \$236,367 and \$246,573, respectively.

Note 11. Subsequent Events

The School Corporation refunded the Frankton-Lapel High South High School Building Corporation 2005 bonds on June 1, 2017, with Frankton-Lapel South High School Building Corporation \$23,330,000 Mortgage Refunding Bonds, Series 2017.

The School Corporation acquired an equipment lease purchase of \$4,658,340 on July 14, 2017, for an energy savings Solar Project to install solar panels and install LED lights at certain school corporation buildings.

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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.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ (27,585)	\$ 1,105,176	\$ 75,038	\$ (93,940)	\$ 197,865	\$ 232,387	\$ 942,519
Receipts:							
Local sources	163,227	6,105,306	887,058	1,209,261	276,949	-	619,746
Intermediate sources	244	-	-	-	-	-	-
State sources	15,308,945	-	-	-	-	-	20,941
Federal sources	-	-	-	-	-	-	557,321
Other receipts	11,001	-	-	7,650	-	-	1,232
Total receipts	15,483,417	6,105,306	887,058	1,216,911	276,949	-	1,199,240
Disbursements:							
Instruction	10,158,841	-	-	-	-	-	-
Support services	4,788,882	-	1,039,180	1,388,488	222,722	-	26,054
Noninstructional services	156,449	-	-	-	-	-	1,285,445
Facilities acquisition and construction	-	-	201,313	-	-	-	-
Debt service	332,190	5,088,630	-	-	-	-	-
Nonprogrammed charges	143,400	-	-	-	-	-	-
Total disbursements	15,579,762	5,088,630	1,240,493	1,388,488	222,722	-	1,311,499
Excess (deficiency) of receipts over disbursements	(96,345)	1,016,676	(353,435)	(171,577)	54,227	-	(112,259)
Other financing sources (uses):							
Sale of capital assets	-	-	829	-	5,900	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(420,428)	-	-	-	-	-	-
Total other financing sources (uses)	(420,428)	-	829	-	5,900	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(516,773)	1,016,676	(352,606)	(171,577)	60,127	-	(112,259)
Cash and investments - ending	\$ (544,358)	\$ 2,121,852	\$ (277,568)	\$ (265,517)	\$ 257,992	\$ 232,387	\$ 830,260

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

	Textbook Rental	Self- Insurance	Levy Excess	LES PTG Technology	Toolbox for Education Grant	FJSHS Kids in Need Grant	FJSHS Science Grant
Cash and investments - beginning	\$ 278,004	\$ -	\$ 26,262	\$ -	\$ -	\$ 500	\$ 8
Receipts:							
Local sources	331,435	250,199	-	-	5,000	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	79,572	2,420,919	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	731	-	-	-	-	-	-
Total receipts	411,738	2,671,118	-	-	5,000	-	-
Disbursements:							
Instruction	-	-	-	12,565	5,000	-	3
Support services	467,962	2,655,182	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	467,962	2,655,182	-	12,565	5,000	-	3
Excess (deficiency) of receipts over disbursements	(56,224)	15,936	-	(12,565)	-	-	(3)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	420,428	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	420,428	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(56,224)	436,364	-	(12,565)	-	-	(3)
Cash and investments - ending	\$ 221,780	\$ 436,364	\$ 26,262	\$ (12,565)	\$ -	\$ 500	\$ 5

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

	LES Charolette's Web Grant	FES PTG Technology	Alex's Project	LMS South Madison Foundation Grant	LHS South Madison Foundation Grant	LES South Madison Foundation Grant	Autism Grant FJSHS
Cash and investments - beginning	\$ 1,000	\$ (192)	\$ (2,520)	\$ 849	\$ 1,835	\$ 486	\$ 1,938
Receipts:							
Local sources	-	14,723	-	800	1,736	2,156	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	14,723	-	800	1,736	2,156	-
Disbursements:							
Instruction	1,000	24,169	-	632	2,091	1,185	474
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,000	24,169	-	632	2,091	1,185	474
Excess (deficiency) of receipts over disbursements	(1,000)	(9,446)	-	168	(355)	971	(474)
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	(1,000)	(9,446)	-	168	(355)	971	(474)
Cash and investments - ending	\$ -	\$ (9,638)	\$ (2,520)	\$ 1,017	\$ 1,480	\$ 1,457	\$ 1,464

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

	Kindergarten Camp Grant	Community Hospital Healthcare Grant	Realizing the Dream Grant	Elementary Library Gift	Full Day Kindergarten Grant	Child Care	All Day Kindergarten
Cash and investments - beginning	\$ 3,320	\$ 2,932	\$ -	\$ 500	\$ 450,675	\$ 6,842	\$ 4,566
Receipts:							
Local sources	11,370	6,000	1,000	-	-	114,443	1,458
Intermediate sources	-	-	-	-	238,754	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>11,370</u>	<u>6,000</u>	<u>1,000</u>	<u>-</u>	<u>238,754</u>	<u>114,443</u>	<u>1,458</u>
Disbursements:							
Instruction	4,850	4,336	1,000	-	689,429	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	121,340	6,024
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>4,850</u>	<u>4,336</u>	<u>1,000</u>	<u>-</u>	<u>689,429</u>	<u>121,340</u>	<u>6,024</u>
Excess (deficiency) of receipts over disbursements	<u>6,520</u>	<u>1,664</u>	<u>-</u>	<u>-</u>	<u>(450,675)</u>	<u>(6,897)</u>	<u>(4,566)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,520</u>	<u>1,664</u>	<u>-</u>	<u>-</u>	<u>(450,675)</u>	<u>(6,897)</u>	<u>(4,566)</u>
Cash and investments - ending	<u>\$ 9,840</u>	<u>\$ 4,596</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ (55)</u>	<u>\$ -</u>

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

	Age 4 Pre-school	ISTEP	Dickison Scholarship FJSHS	Copeland Reading Scholarship	LHS Teachers for Tomorrow	Construction, Remodeling, and Equipping Buildings	Disaster Related Expenses
Cash and investments - beginning	\$ 245,098	\$ 1,200	\$ 7,461	\$ 1,645	\$ -	\$ -	\$ 1,875
Receipts:							
Local sources	-	-	-	279	-	-	-
Intermediate sources	244,137	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	244,137	-	-	279	-	-	-
Disbursements:							
Instruction	1,183	-	-	300	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	282,771	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	283,954	-	-	300	-	-	-
Excess (deficiency) of receipts over disbursements	(39,817)	-	-	(21)	-	-	-
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	(39,817)	-	-	(21)	-	-	-
Cash and investments - ending	\$ 205,281	\$ 1,200	\$ 7,461	\$ 1,624	\$ -	\$ -	\$ 1,875

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

	Pepsi	Tuition	Building Corporation	2004-05 IndianaNext Grant	Reimbursement	Private School Account	LHS Library
Cash and investments - beginning	\$ 3,223	\$ 27,878	\$ (65,882)	\$ 251	\$ (150)	\$ 2,275	\$ 283
Receipts:							
Local sources	-	150	-	-	-	-	1,246
Intermediate sources	12,820	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	65,882	-	-	-	-
Total receipts	12,820	150	65,882	-	-	-	1,246
Disbursements:							
Instruction	-	-	-	251	-	-	-
Support services	9,681	-	-	-	(150)	-	930
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	9,681	-	-	251	(150)	-	930
Excess (deficiency) of receipts over disbursements	3,139	150	65,882	(251)	150	-	316
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,139	150	65,882	(251)	150	-	316
Cash and investments - ending	\$ 6,362	\$ 28,028	\$ -	\$ -	\$ -	\$ 2,275	\$ 599

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

	LMS Faculty	FJSHS Library	LHS Scholarship	LES Library	FES Library	LMS Library	LHS River
Cash and investments - beginning	\$ -	\$ 573	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	48	1,787	2,250	290	-	57	11,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>48</u>	<u>1,787</u>	<u>2,250</u>	<u>290</u>	<u>-</u>	<u>57</u>	<u>11,000</u>
Disbursements:							
Instruction	-	-	1,000	-	-	-	-
Support services	-	27	-	-	6	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>27</u>	<u>1,000</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>48</u>	<u>1,760</u>	<u>1,250</u>	<u>290</u>	<u>(6)</u>	<u>57</u>	<u>11,000</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>48</u>	<u>1,760</u>	<u>1,250</u>	<u>290</u>	<u>(6)</u>	<u>57</u>	<u>11,000</u>
Cash and investments - ending	<u>\$ 48</u>	<u>\$ 2,333</u>	<u>\$ 1,250</u>	<u>\$ 290</u>	<u>\$ (6)</u>	<u>\$ 57</u>	<u>\$ 11,000</u>

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

	Formative Assessment	2015-16 High Ability Grant	2014-15 High Ability Grant	2013-14 High Ability Grant	2012-13 High Ability Grant	2013 Special Education Technical Assistance	Summer School
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 5,924	\$ 3,557	\$ (12,428)	\$ 41,237
Receipts:							
Local sources	-	-	-	-	-	12,428	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	36,502	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	36,502	-	-	12,428	-
Disbursements:							
Instruction	-	-	12,254	5,924	3,557	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	41,237
Total disbursements	-	-	12,254	5,924	3,557	-	41,237
Excess (deficiency) of receipts over disbursements	-	-	24,248	(5,924)	(3,557)	12,428	(41,237)
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	-	-	24,248	(5,924)	(3,557)	12,428	(41,237)
Cash and investments - ending	\$ -	\$ -	\$ 24,248	\$ -	\$ -	\$ -	\$ -

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

	Damage/ Accidents/ Insurance	Special Education Cooperative Grant Certified	Special Education Cooperative Grant Non-Certified	Non-English Speaking Programs	School Technology	Technology Plan Buddy	Technology E-Rates
Cash and investments - beginning	\$ 4,413	\$ (9,269)	\$ (11,472)	\$ 2,363	\$ 15,306	\$ -	\$ (2,825)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	45,895	44,380	-	-	-	-
State sources	-	-	-	1,557	8,019	276,500	18,417
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	45,895	44,380	1,557	8,019	276,500	18,417
Disbursements:							
Instruction	-	13,366	15,521	3,005	-	-	-
Support services	175	-	-	-	19,221	276,500	11,910
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	175	13,366	15,521	3,005	19,221	276,500	11,910
Excess (deficiency) of receipts over disbursements	(175)	32,529	28,859	(1,448)	(11,202)	-	6,507
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	(175)	32,529	28,859	(1,448)	(11,202)	-	6,507
Cash and investments - ending	\$ 4,238	\$ 23,260	\$ 17,387	\$ 915	\$ 4,104	\$ -	\$ 3,682

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

	GQE Remediation Grant	Testing/ Instructional Assistants	Senator David Ford Technology	2015-16 Rural/Low Income Grant	2013-14 Title I Grant	2014-15 Title I Grant	2015-16 Title I Grant
Cash and investments - beginning	\$ 12,892	\$ -	\$ 3,739	\$ -	\$ (32,633)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	50	-	-	-	-	-
State sources	13,057	-	-	-	-	-	-
Federal sources	-	-	-	-	53,888	282,241	-
Other receipts	-	-	-	-	-	-	-
Total receipts	13,057	50	-	-	53,888	282,241	-
Disbursements:							
Instruction	527	-	-	-	12,861	331,554	-
Support services	-	-	-	-	8,394	5,286	-
Noninstructional services	-	-	-	-	-	852	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	527	-	-	-	21,255	337,692	-
Excess (deficiency) of receipts over disbursements	12,530	50	-	-	32,633	(55,451)	-
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	12,530	50	-	-	32,633	(55,451)	-
Cash and investments - ending	\$ 25,422	\$ 50	\$ 3,739	\$ -	\$ -	\$ (55,451)	\$ -

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

	2013-14 Title II, Part A	IDEA	2014-15 Title II, Part A	2015-16 Title II, Part A	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (6,429)	\$ -	\$ -	\$ -	\$ -	\$ 2,168	\$ 3,450,738
Receipts:							
Local sources	-	-	-	-	-	-	10,031,402
Intermediate sources	-	-	-	-	-	-	586,280
State sources	-	-	-	-	-	-	18,184,429
Federal sources	3,913	-	-	-	-	-	897,363
Other receipts	-	-	-	-	-	3,652,092	3,738,588
Total receipts	3,913	-	-	-	-	3,652,092	33,438,062
Disbursements:							
Instruction	(2,516)	-	69,619	-	-	-	11,373,981
Support services	-	-	-	-	-	-	10,920,450
Noninstructional services	-	-	-	-	-	-	1,852,881
Facilities acquisition and construction	-	-	-	-	-	-	201,313
Debt service	-	-	-	-	-	-	5,420,820
Nonprogrammed charges	-	-	-	-	-	3,652,009	3,836,646
Total disbursements	(2,516)	-	69,619	-	-	3,652,009	33,606,091
Excess (deficiency) of receipts over disbursements	6,429	-	(69,619)	-	-	83	(168,029)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	6,729
Transfers in	-	-	-	-	-	-	420,428
Transfers out	-	-	-	-	-	-	(420,428)
Total other financing sources (uses)	-	-	-	-	-	-	6,729
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,429	-	(69,619)	-	-	83	(161,300)
Cash and investments - ending	\$ -	\$ -	\$ (69,619)	\$ -	\$ -	\$ 2,251	\$ 3,289,438

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ (544,358)	\$ 2,121,852	\$ (277,568)	\$ (265,517)	\$ 257,992	\$ 232,387	\$ 830,260
Receipts:							
Local sources	256,051	6,154,309	662,630	1,182,652	215,753	-	630,155
Intermediate sources	-	-	-	-	-	-	-
State sources	17,830,761	-	-	-	-	-	22,332
Federal sources	-	-	-	-	-	-	753,761
Other receipts	11,286	-	833	5,443	-	-	586
Total receipts	18,098,098	6,154,309	663,463	1,188,095	215,753	-	1,406,834
Disbursements:							
Instruction	10,663,016	-	-	-	-	-	-
Support services	4,645,810	-	510,053	1,308,030	315,519	-	280,747
Noninstructional services	192,087	-	-	-	-	-	1,312,884
Facilities acquisition and construction	-	-	266,323	-	-	-	-
Debt service	58,695	5,218,104	-	-	-	-	-
Nonprogrammed charges	153,466	-	-	-	-	-	-
Total disbursements	15,713,074	5,218,104	776,376	1,308,030	315,519	-	1,593,631
Excess (deficiency) of receipts over disbursements	2,385,024	936,205	(112,913)	(119,935)	(99,766)	-	(186,797)
Other financing sources (uses):							
Sale of capital assets	-	-	-	72	7,900	-	-
Transfers in	-	-	-	26,262	-	-	-
Transfers out	(1,362,297)	-	-	-	-	-	-
Total other financing sources (uses)	(1,362,297)	-	-	26,334	7,900	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,022,727	936,205	(112,913)	(93,601)	(91,866)	-	(186,797)
Cash and investments - ending	\$ 478,369	\$ 3,058,057	\$ (390,481)	\$ (359,118)	\$ 166,126	\$ 232,387	\$ 643,463

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

	Textbook Rental	Self- Insurance	Levy Excess	LES PTG Technology	Toolbox for Education Grant	FJSHS Kids in Need Grant	FJSHS Science Grant
Cash and investments - beginning	\$ 221,780	\$ 436,364	\$ 26,262	\$ (12,565)	\$ -	\$ 500	\$ 5
Receipts:							
Local sources	280,978	236,137	-	20,300	-	-	5,000
Intermediate sources	-	-	-	-	-	-	-
State sources	86,572	800,000	-	-	-	-	-
Federal sources	175,056	-	-	-	-	-	-
Other receipts	200	-	-	-	-	-	-
Total receipts	542,806	1,036,137	-	20,300	-	-	5,000
Disbursements:							
Instruction	-	-	-	7,735	-	-	-
Support services	537,255	238,191	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,560,269	-	-	-	-	-
Total disbursements	537,255	2,798,460	-	7,735	-	-	-
Excess (deficiency) of receipts over disbursements	5,551	(1,762,323)	-	12,565	-	-	5,000
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	1,362,297	-	-	-	-	-
Transfers out	-	-	(26,262)	-	-	-	-
Total other financing sources (uses)	-	1,362,297	(26,262)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,551	(400,026)	(26,262)	12,565	-	-	5,000
Cash and investments - ending	\$ 227,331	\$ 36,338	\$ -	\$ -	\$ -	\$ 500	\$ 5,005

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

	LES Charolette's Web Grant	FES PTG Technology	Alex's Project	LMS South Madison Foundation Grant	LHS South Madison Foundation Grant	LES South Madison Foundation Grant	Autism Grant FJSHS
Cash and investments - beginning	\$ -	\$ (9,638)	\$ (2,520)	\$ 1,017	\$ 1,480	\$ 1,457	\$ 1,464
Receipts:							
Local sources	-	15,320	-	1,800	2,696	2,047	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	15,320	-	1,800	2,696	2,047	-
Disbursements:							
Instruction	-	5,682	(2,520)	1,506	2,534	2,767	1,187
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	5,682	(2,520)	1,506	2,534	2,767	1,187
Excess (deficiency) of receipts over disbursements	-	9,638	2,520	294	162	(720)	(1,187)
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	-	9,638	2,520	294	162	(720)	(1,187)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,311	\$ 1,642	\$ 737	\$ 277

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

	Kindergarten Camp Grant	Community Hospital Healthcare Grant	Realizing the Dream Grant	Elementary Library Gift	Full Day Kindergarten Grant	Child Care	All Day Kindergarten
Cash and investments - beginning	\$ 9,840	\$ 4,596	\$ -	\$ 500	\$ -	\$ (55)	\$ -
Receipts:							
Local sources	-	4,500	-	-	-	114,829	100
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	4,500	-	-	-	114,829	100
Disbursements:							
Instruction	9,944	5,406	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	125,004	6,030
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	9,944	5,406	-	-	-	125,004	6,030
Excess (deficiency) of receipts over disbursements	(9,944)	(906)	-	-	-	(10,175)	(5,930)
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	(9,944)	(906)	-	-	-	(10,175)	(5,930)
Cash and investments - ending	\$ (104)	\$ 3,690	\$ -	\$ 500	\$ -	\$ (10,230)	\$ (5,930)

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

	Age 4 Pre-school	ISTEP	Dickison Scholarship FJSHS	Copeland Reading Scholarship	LHS Teachers for Tomorrow	Construction, Remodeling, and Equipping Buildings	Disaster Related Expenses
Cash and investments - beginning	\$ 205,281	\$ 1,200	\$ 7,461	\$ 1,624	\$ -	\$ -	\$ 1,875
Receipts:							
Local sources	-	-	-	200	10,000	-	-
Intermediate sources	252,938	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	252,938	-	-	200	10,000	-	-
Disbursements:							
Instruction	3,144	-	-	300	-	37,842	-
Support services	-	-	-	-	-	-	-
Noninstructional services	183,160	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	186,304	-	-	300	-	37,842	-
Excess (deficiency) of receipts over disbursements	66,634	-	-	(100)	10,000	(37,842)	-
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	66,634	-	-	(100)	10,000	(37,842)	-
Cash and investments - ending	\$ 271,915	\$ 1,200	\$ 7,461	\$ 1,524	\$ 10,000	\$ (37,842)	\$ 1,875

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

	Pepsi	Tuition	Building Corporation	2004-05 IndianaNext Grant	Reimbursement	Private School Account	LHS Library
Cash and investments - beginning	\$ 6,362	\$ 28,028	\$ -	\$ -	\$ -	\$ 2,275	\$ 599
Receipts:							
Local sources	-	200	-	-	-	7,291	656
Intermediate sources	9,228	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	9,228	200	-	-	-	7,291	656
Disbursements:							
Instruction	-	10,080	-	-	-	9,566	-
Support services	12,828	1,275	-	-	5,125	-	389
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	12,828	11,355	-	-	5,125	9,566	389
Excess (deficiency) of receipts over disbursements	(3,600)	(11,155)	-	-	(5,125)	(2,275)	267
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,600)	(11,155)	-	-	(5,125)	(2,275)	267
Cash and investments - ending	\$ 2,762	\$ 16,873	\$ -	\$ -	\$ (5,125)	\$ -	\$ 866

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

	LMS Faculty	FJSHS Library	LHS Scholarship	LES Library	FES Library	LMS Library	LHS River
Cash and investments - beginning	\$ 48	\$ 2,333	\$ 1,250	\$ 290	\$ (6)	\$ 57	\$ 11,000
Receipts:							
Local sources	-	1,002	-	363	-	61	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	1,002	-	363	-	61	-
Disbursements:							
Instruction	-	-	-	-	-	-	1,989
Support services	-	304	-	25	(6)	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	304	-	25	(6)	-	1,989
Excess (deficiency) of receipts over disbursements	-	698	-	338	6	61	(1,989)
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	-	698	-	338	6	61	(1,989)
Cash and investments - ending	\$ 48	\$ 3,031	\$ 1,250	\$ 628	\$ -	\$ 118	\$ 9,011

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

	Formative Assessment	2015-16 High Ability Grant	2014-15 High Ability Grant	2013-14 High Ability Grant	2012-13 High Ability Grant	2013 Special Education Technical Assistance	Summer School
Cash and investments - beginning	\$ -	\$ -	\$ 24,248	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	23,933	37,448	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	23,933	37,448	-	-	-	-	-
Disbursements:							
Instruction	23,933	23,788	24,248	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	23,933	23,788	24,248	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	13,660	(24,248)	-	-	-	-
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	-	13,660	(24,248)	-	-	-	-
Cash and investments - ending	\$ -	\$ 13,660	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Damage/ Accidents/ Insurance	Special Education Cooperative Grant Certified	Special Education Cooperative Grant Non-Certified	Non-English Speaking Programs	School Technology	Technology Plan Buddy	Technology E-Rates
Cash and investments - beginning	\$ 4,238	\$ 23,260	\$ 17,387	\$ 915	\$ 4,104	\$ -	\$ 3,682
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	68,124	2,271	1,922	-	-	-	-
State sources	-	-	-	4,737	6,564	-	130,071
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	68,124	2,271	1,922	4,737	6,564	-	130,071
Disbursements:							
Instruction	-	25,531	19,309	3,073	-	-	-
Support services	-	-	-	-	1,260	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	25,531	19,309	3,073	1,260	-	-
Excess (deficiency) of receipts over disbursements	68,124	(23,260)	(17,387)	1,664	5,304	-	130,071
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	68,124	(23,260)	(17,387)	1,664	5,304	-	130,071
Cash and investments - ending	\$ 72,362	\$ -	\$ -	\$ 2,579	\$ 9,408	\$ -	\$ 133,753

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

	GQE Remediation Grant	Testing/ Instructional Assistants	Senator David Ford Technology	2015-16 Rural/Low Income Grant	2013-14 Title I Grant	2014-15 Title I Grant	2015-16 Title I Grant
Cash and investments - beginning	\$ 25,422	\$ 50	\$ 3,739	\$ -	\$ -	\$ (55,451)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	185	-	-	-	-	-
State sources	-	-	-	19,167	-	-	-
Federal sources	-	-	-	-	-	93,574	327,732
Other receipts	-	-	-	-	-	-	-
Total receipts	-	185	-	19,167	-	93,574	327,732
Disbursements:							
Instruction	211	-	-	23,959	-	4,537	283,707
Support services	-	165	-	-	-	19,285	77,366
Noninstructional services	-	-	-	-	-	14,301	7,595
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	211	165	-	23,959	-	38,123	368,668
Excess (deficiency) of receipts over disbursements	(211)	20	-	(4,792)	-	55,451	(40,936)
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	(211)	20	-	(4,792)	-	55,451	(40,936)
Cash and investments - ending	\$ 25,211	\$ 70	\$ 3,739	\$ (4,792)	\$ -	\$ -	\$ (40,936)

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

	2013-14 Title II, Part A	IDEA	2014-15 Title II, Part A	2015-16 Title II, Part A	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (69,619)	\$ -	\$ -	\$ 2,251	\$ 3,289,438
Receipts:							
Local sources	-	-	-	-	-	-	9,805,030
Intermediate sources	-	-	-	-	-	-	334,668
State sources	-	-	-	-	-	-	18,961,585
Federal sources	-	-	58,538	49,242	-	-	1,457,903
Other receipts	-	-	-	-	712,531	3,785,412	4,516,291
Total receipts	-	-	58,538	49,242	712,531	3,785,412	35,075,477
Disbursements:							
Instruction	-	-	14,056	54,426	-	-	11,260,956
Support services	-	-	-	-	-	-	7,953,621
Noninstructional services	-	-	-	-	-	-	1,841,061
Facilities acquisition and construction	-	-	-	-	-	-	266,323
Debt service	-	-	-	-	-	-	5,276,799
Nonprogrammed charges	-	-	-	-	671,672	3,785,504	7,170,911
Total disbursements	-	-	14,056	54,426	671,672	3,785,504	33,769,671
Excess (deficiency) of receipts over disbursements	-	-	44,482	(5,184)	40,859	(92)	1,305,806
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	7,972
Transfers in	-	-	-	-	-	-	1,388,559
Transfers out	-	-	-	-	-	-	(1,388,559)
Total other financing sources (uses)	-	-	-	-	-	-	7,972
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	44,482	(5,184)	40,859	(92)	1,313,778
Cash and investments - ending	\$ -	\$ -	\$ (25,137)	\$ (5,184)	\$ 40,859	\$ 2,159	\$ 4,603,216

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
De Lage Landen Public Finance	Lapel Electrical System	\$ 29,185	03-21-14	12-21-17
De Lage Landen Public Finance	Frankton Electrical System	29,509	09-26-14	06-26-19
Frankton-Lapel North Elementary School Building Corporation	New Frankton Elementary School Mortgage Refunded Bonds, Series 2016A	1,886,500	07-15-16	12-31-22
Frankton-Lapel High School Building Corporation	Qualified Construction Bonds	304,000	12-31-11	01-15-19
Frankton-Lapel South High School Building Corporation	New Lapel High School	<u>3,015,000</u>	06-30-06	12-31-25
Total of annual lease payments		<u>\$ 5,264,194</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
Notes and loans payable	Common School Loan A1890	\$ 248,850
Notes and loans payable	Common School Loan A1612	\$ 57,650
		<u>78,210</u>
Totals		<u>\$ 327,060</u>
		<u>\$ 110,442</u>

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 920,000
Buildings	52,147,560
Machinery, equipment, and vehicles	<u>9,400,995</u>
Total capital assets	<u>\$ 62,468,555</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE FRANKTON-LAPEL COMMUNITY
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2016-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Eligibility. Consequently, we were unable to determine whether the School Corporation complied with this requirement applicable to the program.

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

As described in item 2016-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with the requirements regarding Activities Allowed or Unallowed and Allowable Costs/Cost Principles that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that Program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirement of the Child Nutrition Cluster regarding Eligibility, and except for the noncompliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

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

As described in item 2016-013 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the requirement regarding Special Tests and Provisions - Assessment System Security. Consequently, we were unable to determine whether the School Corporation complied with this requirement applicable to the program.

As described in item 2016-012 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with the requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that Program.

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 requirement of the Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Assessment System Security, and except for the noncompliance with Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting 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 requirement 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.

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2016-015 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with this requirement applicable to the program.

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

As described in items 2016-017, 2016-018, and 2016-020 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with the requirements regarding Allowable Costs/Cost Principles, Cash Management, and Reporting that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that Program.

Qualified Opinion on Special Education Cluster (IDEA)

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 the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking, and except for the noncompliance with Allowable Costs/Cost Principles, Cash Management, and Reporting described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Special Education Cluster (IDEA) 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 2016-006, 2016-007, 2016-008, 2016-009, 2016-011, 2016-014, 2016-016, and 2016-019. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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


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 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, 2016-011, 2016-012, 2016-013, 2016-014, 2016-015, 2016-016, 2016-017, 2016-018, and 2016-020 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2016-019 to be a significant deficiency.

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

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


Paul D. Joyce, CPA
State Examiner

August 14, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY2014-15	\$ -	\$ 72,226	\$ -	\$ -
			FY2015-16	-	-	-	109,953
Total - School Breakfast Program				-	72,226	-	109,953
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY2014-15	-	485,095	-	-
School Lunch			FY2015-16	-	-	-	643,808
School Lunch - Commodities			FY2014-15	-	100,259	-	-
School Lunch - Commodities			FY2015-16	-	-	-	93,563
Total - National School Lunch Program				-	585,354	-	737,371
Total - Child Nutrition Cluster				-	657,580	-	847,324
Total - Department of Agriculture				-	657,580	-	847,324
Department of Education							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			14-5245	-	53,888	-	-
			15-5245	-	282,241	-	93,574
			16-5245	-	-	-	327,732
Total - Title I Grants to Local Educational Agencies				-	336,129	-	421,306
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14213-025-PN01	-	72,277	-	-
			14214-025-PN01	-	143,122	-	18,184
			14215-025-PN01	-	430,559	-	136,342
			14216-023-PN01	-	-	-	402,728

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
			99914-145-TA01	-	12,428	-	-
Total - Special Education Grants to States				-	658,386	-	557,254
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45714-025-PN01	-	500	-	-
			45715-025-PN01	-	12,424	-	1,440
			45716-023-PN01	-	-	-	12,359
Total - Special Education Preschool Grants				-	12,924	-	13,799
Total - Special Education Cluster (IDEA)				-	671,310	-	571,053
Rural Education	Indiana Department of Education	84.358					
			7000S358B150014	-	-	-	19,167
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			13-5245	-	3,913	-	-
			14-5245	-	-	-	58,538
			7000S367A150013	-	-	-	49,242
Total - Supporting Effective Instruction State Grants				-	3,913	-	107,780
Total - Department of Education				-	1,011,352	-	1,119,306
Total federal awards expended				\$ -	\$ 1,668,932	\$ -	\$ 1,966,630

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Hamilton-Boone-Sheridan Special Education Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Qualified - Child Nutrition Cluster, Title I Local Educational Agencies, Special Education Cluster (IDEA)
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

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

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

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

Section II - Financial Statement Findings

FINDING 2016-001

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

Repeat Finding

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. The Treasurer prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$657,580 and \$847,324 for the periods ending June 30, 2015 and 2016, respectively. Included in the Child Nutrition Cluster understatement was the omission of the School Breakfast Program, National School Lunch Program, and National School Lunch Program Commodities.
2. Title I Grants to Local Educational Agencies expenditures were understated by \$53,888 and \$49,450 for the periods ending June 30, 2015 and 2016, respectively.
3. The Special Education Cluster (IDEA) expenditures were understated by \$671,310 and \$571,053 for the periods ending June 30, 2015 and 2016, respectively. Included in the Special Education Cluster (IDEA) understatement was the omission of the Special Education Grants to States and Special Education Preschool Grants.
4. Rural Education expenditures were understated by \$19,167 for the period ending June 30, 2016.
5. Supporting Effective Instruction State Grants expenditures were understated by \$3,913 and \$46,177 for the period ending June 30, 2015 and, 2016, respectively.
6. Not all CFDA numbers, program names, grants, and identifying numbers were correct or listed.

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

Criteria

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

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

Cause

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

Effect

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of adequate segregation of duties as the School Corporation had not separated incompatible activities related to cash and investments and receipts.

1. Cash and Investments: Monthly reconciliements were adequately detailed and summarized but were prepared by one individual without a proper system of oversight or review.
2. Receipts: One individual prepares the deposit slip for all receipts and compares the total on the deposit slip to the corresponding receipt edit. There was no evidence of a proper oversight, review, or approval process.
3. Adjusting Entries: Adjusting entries lacked supporting documentation and were created by one individual without a proper system of oversight or review.

Context

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

Criteria

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

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to financial transactions and reporting related to cash and investments and receipts.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Child Nutrition Cluster - Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts

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): FY2014-15, FY2015-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The prior audit finding number was 2014-004.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts compliance requirements.

Program Income

The School Corporation had not established an effective internal control over verifying the proper determination and recording of program income. The School Corporation did not provide evidence of a review of the daily cafeteria sales reports for all of its schools to ensure that all program income was properly determined and recorded in the School Corporation's ledger.

The School Corporation had not established an effective internal control over verifying the transfers from the Prepaid Lunch fund 8400 to the School Lunch fund account number 800 were accurate.

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

The School Corporation prepared and submitted the School Food Authority (SFA) Verification Collection Report without evidence of a proper system of oversight or review.

Special Tests and Provisions - School Food Accounts

There was inadequate documentation that verification of posting of school lunch receipts was made to the proper fund and account.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts 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 Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts compliance requirements.

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 Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - School Food Accounts 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 2016-004

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014-15, FY2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Modified Opinion

Condition

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

Effective controls were not in place to ensure that only applicable employees were paid from program funds. The School Corporation paid \$166,186 of administrative, treasurer, and maintenance salaries/wages that were allocated to the programs based on fixed percentages. There was no supporting documentation to indicate how the amounts were determined.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

OMB Circular A-87, Attachment B, section 8h(4) states in part:

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

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award, . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.403 states in part:

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

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

2 CFR 200.430(i) states in part:

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

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

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Questioned Costs

The \$166,186 of the administrative, treasurer, and maintenance salaries/wages allocated to the School Lunch fund was considered questioned costs.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements will be maintained and available for audit.

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014-15, FY2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation was unable to provide evidence that they complied with the eligibility requirements regarding the notification to households eligibility criteria. They were not able to provide evidence that parents/guardians were notified of their children's eligibility for benefits.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.20(b)(2) states:

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

7 CFR 3016.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to the program regulations or the grant agreement. . . ."

(b) *Length of retention period.*

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

2 CFR 200.333 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. . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Eligibility compliance requirement was made available for audit.

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Eligibility compliance requirement will be maintained and available for audit.

Views of Responsible Officials

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

FINDING 2016-006

Subject: Child Nutrition Cluster - 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): FY2014-15, FY2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-005.

Condition

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the School Lunch fund cash balance (net cash resources) did not exceed three months average expenditures.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not comply with the Cash Management requirement that its net cash resources be limited to three months average expenditures.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 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:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction:

(iv) Limit its net cash resources 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; . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Cash Management compliance requirement.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

FINDING 2016-007

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014-15, FY2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

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

The monthly Sponsor Claim (claims for reimbursement) had errors in the amounts claimed for reimbursement.

The meal counts for free and reduced meals at Lapel High School had been transposed during data entry into the Indiana Department of Education (IDOE) website for the April 2015 Sponsor Claim (claims for reimbursement). The School Corporation's records showed that the number of free lunches equaled 548 and reduced lunches equaled 162; however, the number of free lunches reported to the IDOE equaled 162 and reduced lunches reported equaled 548.

The May 2016 Sponsor Claim (claims for reimbursement) contained an error on Line 9 "Avg Daily Attendance" for column B "Lunch." The number should have been 3,066; however, 2,766 was reported.

The School Corporation prepared and submitted the monthly Sponsor Claims (claims for reimbursement), the Annual Financial Report, and the School Food Authority (SFA) Verification Collection Report without evidence of a proper system of oversight or review.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.20(b) states in part:

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

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

2 CFR 200.302(b) states in part:

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

...

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.302(b)(3) states:

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

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 placed the School Corporation in non-compliance with the grant agreement and the Reporting compliance requirement.

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 Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2016-008

Subject: Child Nutrition Cluster - Equipment

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): FY2014-15, FY2015-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

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 Equipment compliance requirement.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not have adequate policies and procedures to ensure compliance with the requirements that it maintain records of equipment purchased in whole or in part with federal funds and that it perform a physical inventory of equipment.

The School Corporation did not comply with the equipment requirements. A list of equipment acquired with federal awards was not maintained, nor was physical inventory of equipment acquired with federal awards performed during the audit period.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.32(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

2 CFR 200.313(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Equipment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Equipment compliance requirement.

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 Equipment compliance requirement.

Views of Responsible Officials

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-009

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014-15, FY2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

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

Procurement

The School Corporation did not have a procurement policy that complied with 2 CFR 200.320. Procurement requirements related to maintaining the history of procurements or the use of a sole source vendor were not performed for the 2015-2016 fiscal year.

Suspension and Debarment

The School Corporation did not have internal controls, policies, or procedures in place to ensure that vendors that were not contracted through a third-party purchasing service were not suspended or debarred from participation in federal award programs.

Context

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

Criteria

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

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

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

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

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

You do this by:

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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 2016-010

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

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-5245, 15-5245, 16-5245

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

Audit Finding: Material Weakness

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility, Special Tests and Provisions - Comparability, and Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirements.

Eligibility - Individuals

The School Corporation had not designed or implemented proper internal controls to ensure that all students eligible for Title I services were included. There was not a documented control to indicate that the list of students eligible for Title I services was reviewed by the Title I Director.

Special Test and Provisions - Comparability

One person prepared and submitted the comparability report without an oversight, review, or approval process to ensure that the report was accurate.

Special Test and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation had no effective control in place to ensure that teachers and paraprofessionals hired within the School Corporation met the highly qualified requirements.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Eligibility, Special Tests and Provisions - Comparability, and Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirements.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility, Special Tests and Provisions - Comparability, and Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirements.

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 Eligibility, Special Tests and Provisions - Comparability, and Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals 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 2016-011

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): 14-5245, 15-5245, 16-5245
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that reasons for mobility reporting were supported by appropriate documentation. Of the 18 students tested, 10 had the required documentation to support reasons for mobility reporting.

Context

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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.*

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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 of 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. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and 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 controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-012

Subject: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Cash Management, 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): 14-5245, 15-5245, 16-5245
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Cash Management, Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding numbers were 2014-002 and 2014-003.

Condition

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

The School Corporation submitted reimbursement forms with amounts that were not supported by the unit's records. Based on discussions with the School Corporation Treasurer, once expenses for a specific category exceeded the budgeted amount, the unit allocated expenses to another budget category. Additionally, transactions totaling \$12,739 were requested for reimbursement on August 14, 2014, and again on February 1, 2015, resulting in a duplicate reimbursement.

Context

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

Criteria

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20 states in part:

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

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

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

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

2 CFR 200.302(b) states in part:

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

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

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

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

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented. . . ."

2 CFR 200.403 states in part:

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

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

34 CFR 74.22 states in part:

"(e) Reimbursement is the preferred method when the requirements in paragraph (b) of this section cannot be met. . . .

- (1) When the reimbursement method is used, the Secretary makes payment within 30 days after receipt of the billing, unless the billing is improper. . . .

(f). . . Thereafter, the Secretary reimburses the recipient for its actual cash disbursements. . . ."

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

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

Questioned Costs

The duplicate reimbursement requested amount of \$12,739 was considered questioned costs.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2016-013

Subject: 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): 14-5245, 15-5245, 16-5245
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation was required to properly implement policies and procedures regarding the security of tests. The School Corporation did not maintain Indiana Testing Security and Integrity Agreements (Agreements) for any individual who administered, handled, or had access to secure test materials at the district or school level.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and 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 documentation related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement will be maintained.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-014

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Cash Management

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-025-PN01, 14214-025-PN01,
14215-025-PN01, 14216-023-PN01,
99914-145-TA01, 45714-025-PN01,
45715-025-PN01, 45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable
Costs/Cost Principles, Cash Management

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Cash Management. The prior audit finding number was 2014-007.

Condition

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

The member School Corporation Treasurer prepared reimbursement forms and submitted them to the Cooperative. However, there was no evidence of a review by anyone prior to submission to the Cooperative.

The School Corporation did not comply with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management requirement regarding:

1. Reimbursement forms reviewed included anticipated expenditures in the amount of \$1,692. This amount was also requested on two separate reimbursement reports; December 28, 2015, and June 15, 2016.
2. Transactions totaling \$150 were requested for reimbursement on November 11, 2015, and again on June 5, 2016, resulting in a duplicate reimbursement.

Context

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20 states in part:

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

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

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.302(b) states in part:

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

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

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

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

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

2 CFR 200.403 states in part:

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

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

34 CFR 74.22 states in part:

". . . (e) Reimbursement is the preferred method when the requirements in paragraph (b) of this section cannot be met. . . .

- (1) When the reimbursement method is used, the Secretary makes payment within 30 days after receipt of the billing, unless the billing is improper. . . .

(f). . . Thereafter, the Secretary reimburses the recipient for its actual cash disbursements.
. . ."

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the requirements of the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management compliance requirements.

Questioned Costs

The \$1,842 of duplicate reimbursements was considered questioned costs.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management compliance requirements.

Views of Responsible Officials

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-015

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-025-PN01, 14214-025-PN01,
14215-025-PN01, 14216-023-PN01,
99914-145-TA01, 45714-025-PN01,
45715-025-PN01, 45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Condition

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

Documentation supporting the 2013-2014 state and local expenditures calculation, which would be compared to 2014-2015 state and local expenditures in the fiscal year 2016 application to determine if Maintenance of Effort (MOE) was met, was not provided for audit. Additionally, 2014-2015 and 2015-2016 state and local expenditures calculations were not calculated in accordance with instructions provided by IDOE. State and local expenditures reported included amounts from sources other than state and local funds spent on special education and related services.

The Treasurer prepared the Level of Effort - Maintenance of Effort calculation for the fiscal year 2016 application and fiscal year 2017 application. An oversight or review process related to the calculation had not been established.

The School Corporation could not provide documentation for audit of the Level of Effort - Maintenance of Effort calculations for the fiscal year 2015 application.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Level of Effort - Maintenance of Effort compliance requirement.

Criteria

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

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. . . ."

34 CFR 80.20 states in part:

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

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

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

34 CFR 299.5(a) states:

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

Cause

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Matching, Level of Effort, Earmarking compliance requirement was made available for audit.

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement will be maintained and available for audit.

Views of Responsible Officials

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-016

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-025-PN01, 14214-025-PN01,
14215-025-PN01, 14216-023-PN01,
99914-145-TA01, 45714-025-PN01,
45715-025-PN01, 45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Condition

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

There was no approval process involving another person at the School Corporation to ensure the Requests for Reimbursement and Data Collection Reports were accurate for 2014-2015 or 2015-2016.

The School Corporation did not comply with the reporting requirements regarding:

1. The School Corporation requested reimbursement for the same expenditure on two different Reimbursement Reports. The amount of the duplicate request was \$1,842.
2. Data Collection Reports for 2014-2015 and 2015-2016: Supporting documentation, such as a student listing, did not agree with the figures submitted to Indiana Department of Education.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Reporting 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. . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

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. . . ."

34 CFR 80.20 states in part:

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

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

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

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Reporting compliance requirement was made available for audit.

Effect

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

The \$1,842 of duplicate reimbursements was considered questioned costs.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Reporting compliance requirement will be maintained and available for audit.

Views of Responsible Officials

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

FINDING 2016-017

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

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-025-PN01, 14215-025-PN01,
14214-025-PN01, 14216-023-PN01,
45714-025-PN01, 45715-025-PN01,
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation was a member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During 2015-2016, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to Allowable Costs/ Cost Principles.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

For grants 14213-025-PN01, 14214-025-PN01, 14215-025-PN01, 45714-025-PN01, and 45715-025-PN01, the requirement was that for employees who were expected to work solely on a single Federal award, charges for their salaries and wages be supported by periodic certifications and that the certifications be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee. During the period, the fiscal agent of the Cooperative was responsible for maintaining Semi-Annual Certifications for the Cooperative employees whose salaries were charged solely to a specific grant. The Semi-Annual Certifications listing the employees were maintained; however, they were not certified by the employee or an appropriate supervisor. For employees who were expected to work on multiple cost objectives, a distribution of their salaries and wages was to be supported by a personnel activity report or equivalent documentation that met the standards described below; however, there were no personnel activity reports or equivalent documentation maintained.

Context

Of the three Semi-Annual Certifications required to be maintained during the period for all employees whose salaries were charged entirely to one federal fund, none were certified by an appropriate supervisor. There were also six employees whose salaries were charged to more than one fund, but no Personnel Activity Reports or equivalent documentation was maintained for those employees. This was determined to be a systemic issue.

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). . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee. . . ."

2 CFR 200.430(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

The School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

FINDING 2016-018

Subject: Special Education Cluster (IDEA) - Cash Management

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-025-PN01, 14215-025-PN01,
14214-025-PN01, 14216-023-PN01,
45713-025-PN01, 45714-025-PN01,
45715-025-PN01, 45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation was a member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During 2015-2016, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to Cash Management.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The fiscal agent utilized a report from its accounting software, which included expenses actually paid and expenses that were entered into the accounting software, but not yet paid. These expenses were summarized in an Excel spreadsheet that was used to prepare the Requests for Reimbursement. The Requests for Reimbursement were reviewed by the Cooperative Director; however, requesting reimbursement for claims incurred but not paid was not identified as a potential issue.

Context

Each of the five Requests for Reimbursements tested contained expenditures that were incurred but not yet paid. This was determined to be a systemic issue.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.21(d) states in part: "*Reimbursement*. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.305(b)(3) states in part: "Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, . . ."

Cause

Management of the School Corporation had not designed or implemented proper internal control procedures to ensure compliance with the Cash Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

FINDING 2016-019

Subject: Special Education Grants to States - Equipment and Real Property Management

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-025-PN01, 14215-025-PN01,
14214-025-PN01, 14216-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Significant Deficiency, Other Matters

Condition

The School Corporation was a member school of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative had taken on the responsibility of tracking equipment acquisitions and disposals of equipment that was purchased with federal funds of the member school corporations of the Cooperative.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

A secretary of the Cooperative maintained an equipment inventory listing, but the listing did not contain all the required information.

Context

The equipment inventory listing did not contain the acquisition cost, disposal date, and the sale price of the property, if sold for any of the equipment listed. This was determined to be a systemic issue.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.32 states in part:

". . . (b) *States*. A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . ."

(d) *Management requirements*. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation had not designed and implemented internal control procedures to ensure compliance with the Equipment and Real Property Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and Equipment and Real Property Management compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

Views of Responsible Officials

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

FINDING 2016-020

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-025-PN01, 14215-025-PN01,
14214-025-PN01, 14216-023-PN01,
45714-025-PN01, 45715-025-PN01,
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation was a member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the special education programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During the audit period, the fiscal agent of the Cooperative and the Cooperative itself was responsible for submitting the proper reports on behalf of the School Corporation and following the compliance requirements related to Reporting.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. In addition, there was no oversight of the Cooperative by the School Corporation. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The fiscal agent utilized a report from its accounting software, which included expenses actually paid and expenses that were entered into the accounting software, but not yet paid. These expenses were summarized in an Excel spreadsheet that was used to prepare the Requests for Reimbursement and the Quarterly Monitoring Report for Proportionate Shares. The Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares required expenses paid to be reported. The Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares were reviewed by the Cooperative Director; however, reporting amounts incurred but not paid was not identified as a potential issue.

The Cooperative Director prepared the Final Report utilizing the final Excel spreadsheet maintained by the fiscal agent and submitted the report without any review, approval, or other control to ensure its accuracy.

Context

Because of the method used to accumulate the information for reporting, this was determined to be a systemic issue.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20(b) states in part:

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.302(b) states in part:

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

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

Cause

The School Corporation had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Cooperative's management establish controls, including segregation of duties, related to the grant agreement and the Reporting compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

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.

FRANKTON-LAPEL COMMUNITY SCHOOLS

"A Place For All Learners"

7916 West 300 North
Anderson, IN 46011-9129
(765) 734-1261 - FAX (765) 734-1129

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Report Period: July 1, 2012 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer

Contact Phone Number: 765-734-1261

Status of Audit Finding: Frankton-Lapel Community Schools has implemented procedures to properly establish an internal control system, including segregation of duties, for the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Ongoing efforts are in place to implement a procedure where the Corporation Treasurer works with the Superintendent to prevent, or detect and correct, errors on the SEFA in the Gateway System.

FINDING 2014-002 – ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, PERIOD OF AVAILABILITY

Report Period: July 1, 2012 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer

Contact Phone Number: 765-734-1261

Status of Audit Finding: Frankton-Lapel Community Schools has implemented procedures to properly establish an internal control system, including segregation of duties, for activities allowed or unallowed, allowable costs/cost principles, period of availability for the Title I grant.

Ongoing efforts to put into place where the Superintendent and Corporation Reading/Title Director sign off on the reimbursement forms for the Title I grant. The Corporation Treasurer submits requests for reimbursement based on actual disbursements already made. Attached with the reimbursement request are reports from the accounting program that show the exact amount of disbursements made during the reimbursement request period. The Treasurer makes sure that no excess cash balances exist in the federal grant fund accounts.

FINDING 2014-003 – CASH MANAGEMENT AND REPORTING

Report Period: July 1, 2012 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer

Contact Phone Number: 765-734-1261

Status of Audit Finding: Frankton-Lapel Community Schools has implemented procedures to properly establish an internal control system, including segregation of duties, for cash management and reporting for the Title I grant.

Ongoing efforts to put into place where the Superintendent and Corporation Reading/Title Director sign off on the reimbursement forms for the Title I grant. The Corporation Treasurer submits requests for reimbursement based on actual disbursements already made. Attached with the reimbursement request are reports from the accounting program that show the exact amount of disbursements made during the reimbursement request period. The Treasurer makes sure that no excess cash balances exist in the federal grant fund accounts.

FINDING 2014-004 – REPORTING AND SPECIAL TESTS AND PROVISIONS

Report Period: July 1, 2012 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Ruth Iser, Food Service Director

Contact Phone Number: 765-734-1261

Status of Audit Finding: Frankton-Lapel Community Schools has not implemented procedures to properly establish an internal control system, including segregation of duties, for reporting and special tests and provisions.

Beginning immediately, a procedure will be put into place where the Superintendent and/or Corporation Treasurer will review and sign off on reimbursement claims, verification of applications, and the annual report for the Food Service Department.

FINDING 2014-005 – CASH MANAGEMENT

Report Period: July 1, 2012 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Ruth Iser, Food Service Director

Contact Phone Number: 765-734-1261

Status of Audit Finding: Frankton-Lapel Community Schools has not implemented procedures to properly establish an internal control system, including segregation of duties, for cash management and reporting for the Food Service Department.

Beginning immediately, a procedure will be put into place where the Superintendent and/or Corporation Treasurer will review and sign off on School Lunch fund cash balances.

FINDING 2014-006 – EQUIPMENT AND REAL PROPERTY MANAGEMENT

Report Period: July 1, 2012 to June 30, 2014

Pass-Through Entity or Federal Grantor Agency, Indiana Department of Education

Contact Person Responsible for Corrective Action: Ruth Iser, Food Service Director

Contact Phone Number: 765-734-1261

Status of Audit Finding: Frankton-Lapel Community Schools has implemented procedures to properly establish an internal control system, including segregation of duties, for equipment and real property management for the Food Service Department

Ongoing efforts are in place to implement a procedure where the Food Service Director works with the Accounts Payable Clerk to ensure that equipment and/or real property purchased by the Food Service Department is recorded in the inventory of the School Corporation.

FINDING 2014-007 – INTERNAL CONTROL OVER CASH MANAGEMENT

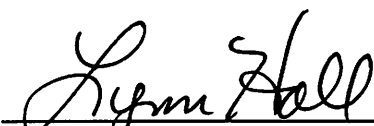
Report Period: July 1, 2012 to June 30, 2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Steven Wornhoff, Cooperative Director

Contact Phone Number: 317-773-2134

Status of Audit Finding: The Hamilton-Boone-Madison Special Services Cooperative has implemented procedures to properly establish an internal control system, including segregation of duties, for internal control over cash management.



Signature

Treasurer _____
Title

July 26, 2018 _____
Date

FRANKTON-LAPEL COMMUNITY SCHOOLS

"A Place For All Learners"

7916 West 300 North
Anderson, IN 46011-9129
(765) 734-1261 - FAX (765) 734-1129

CORRECTIVE ACTION PLAN

FINDING 2016-001 - Preparation of the Schedule of Expenditures of Federal Awards

Contract Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

After the Corporation Treasurer submits the SEFA in the Gateway System, the Superintendent will check the information submitted.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-002 - Financial Transactions and Reporting

Contract Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer will present monthly reconcilements pertaining to cash and investments, receipts, and adjusting entries to the Superintendent for review.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-003 - Child Nutrition Cluster - Program Income, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts

Contract Person Responsible for Corrective Action: Ruth Iser, Food Service Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The School Treasurers will verify and sign all cafeteria deposits before they are sent to the Corporation Treasurer to receipt.

The Corporation Treasurer will present the Receipt Posting Report for cafeteria deposits, including any adjustments, to the Food Service Director for review.

The Corporation Treasurer will work with the Food Service Director to verify transfers between prepaid lunch fund 8400 and the school lunch fund 800.

The Food Service Director will review the School Food Authority (SFA) Verification Collection Report with the Superintendent.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-004 - Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Contract Person Responsible for Corrective Action: Ruth Iser, Food Service Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Superintendent and Assistant Superintendent will develop a formula to determine what percentage of the salaries of administrators, treasurers, and maintenance workers will be paid from food service.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-005 - Child Nutrition Cluster - Eligibility

Contract Person Responsible for Corrective Action: Ruth Iser, Food Service Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Food Service Director and a Cafeteria Manager from one of the schools will review the free/reduced lunch applications and make sure the applications comply with the eligibility criteria including notification of parents/guardians of their children's eligibility.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-006 - Child Nutrition Cluster - Cash Management

Contract Person Responsible for Corrective Action: Ruth Iser, Food Service Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Food Service Director and Superintendent will monitor the monthly cash balance for the school lunch fund. The Food Service Director will work with the State to monitor excess funds in the school lunch account.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-007 - Child Nutrition Cluster - Reporting

Contract Person Responsible for Corrective Action: Ruth Iser, Food Service Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Food Service Director will work with the Superintendent to assure that all IDOE reports are completed correctly.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-008 - Child Nutrition Cluster - Equipment

Contract Person Responsible for Corrective Action: Ruth Iser, Food Service Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Food Service Director will work with the Accounts Payable Clerk, who is in charge of reporting and collecting the inventory for the school corporation, to make sure all equipment purchased with school lunch funds is put on the school lunch inventory.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-009 - Child Nutrition Cluster - Procurement and Suspension and Debarment

Contract Person Responsible for Corrective Action: Ruth Iser, Food Service Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Food Service Director attended a procurement workshop held in July 2018. The State is in the process of developing a procurement policy. The Food Service Director and Superintendent will make sure the new policy is put into place and the guidelines are followed.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-010 - Title I Grants to Local Educational Agencies - Eligibility, Special Tests and Provisions - Comparability, Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

Contract Person Responsible for Corrective Action: Kimm Gray, Title I Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Title I Director will work with the Principals to ensure all students eligible for Title I services are included in the program.

The Title I Director will work with the Principals to prepare and submit the Comparability Report.

The Title I Director will work with the Principals to ensure that teachers/paraprofessionals hired met the highly qualified requirements.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-011 - Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Contract Person Responsible for Corrective Action: Kimm Gray, Title I Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Title I Director will work with the Principals to design and implement policies and procedures to ensure required documentation supports the reasons for mobility reporting.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-012 - Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting

Contract Person Responsible for Corrective Action: Lynn Hall, Treasurer
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer will work with the Title I Director to make sure the Title I reimbursements are submitted correctly and on time.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-013 - Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security

Contract Person Responsible for Corrective Action: Kimm Gray, Title I Director
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Title I Director will work with the Principals to ensure the security of tests for Title I students.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-014 - Special Education Cluster (IDEA) - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management

Contract Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer will work with the Special Education Director to make sure the special education reimbursements are submitted correctly and on time.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-015 - Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

Contract Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer will work with the Special Education Director to make sure the Maintenance of Effort calculation is completed in accordance IDOE instructions.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-016 - Special Education Cluster (IDEA) - Reporting

Contract Person Responsible for Corrective Action: Lynn Hall, Corporation Treasurer
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer will work with the Special Education Director to make sure the special education reimbursements are submitted correctly and on time.

The Special Education Director will work with the Principals to compile the list of students eligible for the IDOE Data Collection Reports.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-017 - Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Contract Person Responsible for Corrective Action: Steve Wornhoff, Director,
Hamilton-Boone-Madison Special Services Cooperative
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer and Special Education Director will work with the Director of the Special Services Cooperative to ensure all certifications and reports are maintained for personnel.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-018 - Special Education Cluster (IDEA) - Cash Management

Contract Person Responsible for Corrective Action: Steve Wornhoff, Director,
Hamilton-Boone-Madison Special Services Cooperative
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer and Special Education Director will work with the Director of the Special Services Cooperative to make sure all cooperative special education reimbursements are submitted correctly and on time.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-019 - Special Education Grants to States - Equipment and Real Property Management

Contract Person Responsible for Corrective Action: Steve Wornhoff, Director,
Hamilton-Boone-Madison Special Services Cooperative
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer and Special Education Director will work with the Director of the Special Services Cooperative to make sure all equipment acquisitions and disposals of equipment are tracked appropriately.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

FINDING 2016-020 - Special Education Cluster (IDEA) - Reporting

Contract Person Responsible for Corrective Action: Steve Wornhoff, Director,
Hamilton-Boone-Madison Special Services Cooperative
Contact Phone Number: 765-734-1261

View of Responsible Officials: Frankton-Lapel Community Schools agrees with the finding.

Description of Corrective Action Plan:

The Corporation Treasurer and Special Education Director will work with the Director of the Special Services Cooperative to make sure all requests for reimbursement and quarterly monitoring reports for proportionate shares are submitted accurately.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately.

Bobbie Fildes
Signature

Superintendent
Title

August 14, 2018
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/>.