

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SPRINGS VALLEY COMMUNITY
SCHOOLS CORPORATION
ORANGE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
11/21/2018

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.....	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.....	20-29
Schedule of Payables and Receivables	31
Schedule of Leases and Debt	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	40-41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Findings and Questioned Costs	43-47
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	50-54
Corrective Action Plan	55-56
Other Reports.....	57

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathy Allstott	07-01-15 to 06-30-19
Superintendent of Schools	Anthony Whitaker	01-01-15 to 12-31-18
President of the School Board	Cheryl Lynch Todd Marshall Justin R. Wininger	01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SPRINGS VALLEY COMMUNITY
SCHOOLS CORPORATION, ORANGE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 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

October 10, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 SPRINGS VALLEY COMMUNITY
SCHOOLS CORPORATION, ORANGE 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 Springs Valley Community Schools Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated October 10, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

October 10, 2018

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 36,178	\$ 5,752,620	\$ 5,794,511	\$ -	\$ (5,713)	\$ 5,860,549	\$ 5,589,683	\$ -	\$ 265,153
Debt Service	463,138	782,873	745,500	32,511	533,022	728,398	755,500	-	505,920
Retirement/Severance Bond Debt Service	18,661	127,146	115,878	5,196	35,125	99,689	116,765	-	18,049
Capital Projects	642,948	1,032,571	775,908	(271,186)	628,425	1,046,607	1,361,755	(250,000)	63,277
School Transportation	434,867	705,860	522,113	(83,066)	535,548	724,045	556,652	(150,000)	552,941
School Bus Replacement	14,667	7,352	18,190	319	4,148	72,900	3,634	1,000	74,414
Rainy Day	1,766,418	17,633	465,433	400,000	1,718,618	-	1,085,281	400,000	1,033,337
School Lunch	171,369	420,989	502,708	713	90,363	466,292	454,113	286	102,828
Textbook Rental	239,573	305,944	348,674	-	196,843	183,932	114,813	-	265,962
Self-Insurance	149,458	878,098	881,064	-	146,492	934,278	930,841	-	149,929
Levy Excess	78,146	-	-	(78,146)	-	-	-	-	-
Educational License Plates	5,643	19	-	-	5,662	169	-	-	5,831
SAFE School Haven	-	16,492	16,492	-	-	8,783	12,027	-	(3,244)
Early Intervention Grant	697	3,500	4,197	-	-	4,784	3,905	-	879
Lilly Counseling Initiative	-	-	-	-	-	30,000	10,265	-	19,735
Restricted Donation Fund	-	2,600	2,600	-	-	2,400	2,400	-	-
Miscellaneous Programs	-	-	-	-	-	1,000	-	-	1,000
Backyard Habitat Project	134	-	134	-	-	-	-	-	-
Orange Co. REMC Operation R/UP	-	-	-	-	-	1,250	1,250	-	-
Casino Revenue	1,398,221	525,101	259,998	(17,750)	1,645,574	828,260	465,135	(18,250)	1,990,449
High Ability	-	28,512	28,512	-	-	28,439	28,438	-	1
Formative Assessment	-	8,323	-	(5,628)	2,695	11,045	8,036	-	5,704
Secured Schools Safety Grant	-	-	35,000	-	(35,000)	35,000	-	-	-
School Technology	1,946	4,404	5,813	-	537	6,309	3,120	-	3,726
Career and Technical Performance Grant	-	-	-	-	-	3,700	-	-	3,700
Performance Based Awards	-	14,436	14,436	-	-	12,656	12,656	-	-
After School Teen Program	9,859	2,500	2,011	-	10,348	3,750	2,724	-	11,374
After School Teen Operating	-	-	17,750	17,750	-	-	18,250	18,250	-
Excess PTRC Distributions	25	-	-	-	25	-	-	-	25
Chromebook Insurance Fund	-	20,750	16,162	-	4,588	22,548	18,469	-	8,667
Title I FY 2015-16	-	147,146	152,970	-	(5,824)	41,771	35,947	-	-
Title I FY 2014-15	(5,839)	33,914	28,075	-	-	138,771	148,540	-	(9,769)
Medicaid Reimbursement - Federal	-	254	90	-	164	-	-	-	164
Improving Teacher Quality, No Child Left, Title II, Part A	-	35,122	37,550	-	(2,428)	39,658	37,769	-	(539)
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	18,909	25,112	-	(6,203)
Payroll Withholdings	(21,797)	1,742,194	1,745,954	-	(25,557)	1,816,857	1,810,953	-	(19,653)
Totals	\$ 5,404,312	\$ 12,616,353	\$ 12,537,723	\$ 713	\$ 5,483,655	\$ 13,172,749	\$ 13,614,033	\$ 1,286	\$ 5,043,657

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

SPRINGS VALLEY COMMUNITY SCHOOLS 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.

SPRINGS VALLEY COMMUNITY SCHOOLS 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.

SPRINGS VALLEY COMMUNITY SCHOOLS 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.

SPRINGS VALLEY COMMUNITY SCHOOLS 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.

SPRINGS VALLEY COMMUNITY SCHOOLS 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.

C. Additional Pension Plans

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains funds with deficits in cash. The deficits were primarily related to reimbursable grant funds. According to grant agreements, these funds were required to disburse monies before requesting reimbursements. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2016 and 2017, respectively. The payroll withholding funds were negative due to timing of reimbursement payments from the extra-curricular funds for payroll related expenditures. Additionally, the General fund reported a cash deficit at June 30, 2016. The fund did not receive adequate receipts to cover the expenditures during the school year, which resulted in the negative balance.

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into a capital lease with Springs Valley School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$745,500 and \$755,500, respectively.

Note 9. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, vision, and life insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 36,178	\$ 463,138	\$ 18,661	\$ 642,948	\$ 434,867	\$ 14,667	\$ 1,766,418	\$ 171,369
Receipts:								
Local sources	87,953	782,873	127,146	949,238	705,860	7,352	17,633	153,097
Intermediate sources	13	-	-	83,333	-	-	-	-
State sources	5,662,771	-	-	-	-	-	-	3,295
Federal sources	-	-	-	-	-	-	-	264,147
Other receipts	1,883	-	-	-	-	-	-	450
Total receipts	<u>5,752,620</u>	<u>782,873</u>	<u>127,146</u>	<u>1,032,571</u>	<u>705,860</u>	<u>7,352</u>	<u>17,633</u>	<u>420,989</u>
Disbursements:								
Instruction	4,016,595	-	-	-	-	-	78,466	-
Support services	1,643,661	-	-	587,715	522,113	18,190	386,967	851
Noninstructional services	134,015	-	-	-	-	-	-	501,857
Facilities acquisition and construction	240	-	-	188,193	-	-	-	-
Debt services	-	745,500	115,878	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,794,511</u>	<u>745,500</u>	<u>115,878</u>	<u>775,908</u>	<u>522,113</u>	<u>18,190</u>	<u>465,433</u>	<u>502,708</u>
Excess (deficiency) of receipts over disbursements	<u>(41,891)</u>	<u>37,373</u>	<u>11,268</u>	<u>256,663</u>	<u>183,747</u>	<u>(10,838)</u>	<u>(447,800)</u>	<u>(81,719)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	713
Transfers in	-	32,511	5,196	28,814	16,934	319	400,000	-
Transfers out	-	-	-	(300,000)	(100,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>32,511</u>	<u>5,196</u>	<u>(271,186)</u>	<u>(83,066)</u>	<u>319</u>	<u>400,000</u>	<u>713</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(41,891)</u>	<u>69,884</u>	<u>16,464</u>	<u>(14,523)</u>	<u>100,681</u>	<u>(10,519)</u>	<u>(47,800)</u>	<u>(81,006)</u>
Cash and investments - ending	\$ <u>(5,713)</u>	\$ <u>533,022</u>	\$ <u>35,125</u>	\$ <u>628,425</u>	\$ <u>535,548</u>	\$ <u>4,148</u>	\$ <u>1,718,618</u>	\$ <u>90,363</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	SAFE School Haven	Early Intervention Grant	Lilly Counseling Initiative	Restricted Donation Fund
Cash and investments - beginning	\$ 239,573	\$ 149,458	\$ 78,146	\$ 5,643	\$ -	\$ 697	\$ -	\$ -
Receipts:								
Local sources	272,982	878,098	-	-	-	-	-	2,600
Intermediate sources	-	-	-	19	-	-	-	-
State sources	32,862	-	-	-	16,492	3,500	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	100	-	-	-	-	-	-	-
Total receipts	<u>305,944</u>	<u>878,098</u>	<u>-</u>	<u>19</u>	<u>16,492</u>	<u>3,500</u>	<u>-</u>	<u>2,600</u>
Disbursements:								
Instruction	-	-	-	-	-	3,500	-	-
Support services	348,674	-	-	-	16,492	697	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	881,064	-	-	-	-	-	2,600
Total disbursements	<u>348,674</u>	<u>881,064</u>	<u>-</u>	<u>-</u>	<u>16,492</u>	<u>4,197</u>	<u>-</u>	<u>2,600</u>
Excess (deficiency) of receipts over disbursements	<u>(42,730)</u>	<u>(2,966)</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>(697)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(78,146)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(78,146)</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>(42,730)</u>	<u>(2,966)</u>	<u>(78,146)</u>	<u>19</u>	<u>-</u>	<u>(697)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 196,843</u>	<u>\$ 146,492</u>	<u>\$ -</u>	<u>\$ 5,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Miscellaneous Programs	Backyard Habitat Project	Orange Co. REMC Operation R/UP	Casino Revenue	High Ability	Formative Assessment	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 134	\$ -	\$ 1,398,221	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	86,648	-	-	-
Intermediate sources	-	-	-	438,453	-	-	-
State sources	-	-	-	-	28,512	8,323	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	525,101	28,512	8,323	-
Disbursements:							
Instruction	-	134	-	23,360	28,512	-	-
Support services	-	-	-	26,279	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	104,481	-	-	35,000
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	105,878	-	-	-
Total disbursements	-	134	-	259,998	28,512	-	35,000
Excess (deficiency) of receipts over disbursements	-	(134)	-	265,103	-	8,323	(35,000)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(17,750)	-	(5,628)	-
Total other financing sources (uses)	-	-	-	(17,750)	-	(5,628)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(134)	-	247,353	-	2,695	(35,000)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,645,574	\$ -	\$ 2,695	\$ (35,000)

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

	School Technology	Career and Technical Performance Grant	Performance Based Awards	After School Teen Program	After School Teen Operating	Excess PTRC Distributions	Chromebook Insurance Fund
Cash and investments - beginning	\$ 1,946	\$ -	\$ -	\$ 9,859	\$ -	\$ 25	\$ -
Receipts:							
Local sources	-	-	-	2,500	-	-	20,750
Intermediate sources	-	-	-	-	-	-	-
State sources	4,404	-	14,436	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	4,404	-	14,436	2,500	-	-	20,750
Disbursements:							
Instruction	-	-	-	2,011	17,750	-	16,162
Support services	5,813	-	14,436	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,813	-	14,436	2,011	17,750	-	16,162
Excess (deficiency) of receipts over disbursements	(1,409)	-	-	489	(17,750)	-	4,588
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	17,750	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	17,750	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,409)	-	-	489	-	-	4,588
Cash and investments - ending	\$ 537	\$ -	\$ -	\$ 10,348	\$ -	\$ 25	\$ 4,588

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

	Title I FY 2015-16	Title I FY 2014-15	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (5,839)	\$ -	\$ -	\$ -	\$ (21,797)	\$ 5,404,312
Receipts:							
Local sources	-	-	-	-	-	-	4,094,730
Intermediate sources	-	-	-	-	-	-	521,818
State sources	-	-	-	-	-	-	5,774,595
Federal sources	147,146	33,914	254	35,122	-	-	480,583
Other receipts	-	-	-	-	-	1,742,194	1,744,627
Total receipts	147,146	33,914	254	35,122	-	1,742,194	12,616,353
Disbursements:							
Instruction	140,077	28,075	-	37,550	-	-	4,392,192
Support services	12,893	-	90	-	-	-	3,584,871
Noninstructional services	-	-	-	-	-	1,745,954	2,381,826
Facilities acquisition and construction	-	-	-	-	-	-	327,914
Debt services	-	-	-	-	-	-	861,378
Nonprogrammed charges	-	-	-	-	-	-	989,542
Total disbursements	152,970	28,075	90	37,550	-	1,745,954	12,537,723
Excess (deficiency) of receipts over disbursements	(5,824)	5,839	164	(2,428)	-	(3,760)	78,630
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	713
Transfers in	-	-	-	-	-	-	501,524
Transfers out	-	-	-	-	-	-	(501,524)
Total other financing sources (uses)	-	-	-	-	-	-	713
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,824)	5,839	164	(2,428)	-	(3,760)	79,343
Cash and investments - ending	\$ (5,824)	\$ -	\$ 164	\$ (2,428)	\$ -	\$ (25,557)	\$ 5,483,655

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ (5,713)	\$ 533,022	\$ 35,125	\$ 628,425	\$ 535,548	\$ 4,148	\$ 1,718,618	\$ 90,363
Receipts:								
Local sources	138,936	728,398	99,689	963,274	724,045	72,900	-	155,797
Intermediate sources	21	-	-	83,333	-	-	-	-
State sources	5,721,592	-	-	-	-	-	-	3,288
Federal sources	-	-	-	-	-	-	-	306,857
Other receipts	-	-	-	-	-	-	-	350
Total receipts	<u>5,860,549</u>	<u>728,398</u>	<u>99,689</u>	<u>1,046,607</u>	<u>724,045</u>	<u>72,900</u>	<u>-</u>	<u>466,292</u>
Disbursements:								
Instruction	4,140,380	-	-	-	-	-	15,201	-
Support services	1,318,867	-	-	610,645	556,652	3,634	871,481	460
Noninstructional services	130,316	-	-	-	-	-	-	453,653
Facilities acquisition and construction	120	-	-	751,110	-	-	198,599	-
Debt services	-	755,500	116,765	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,589,683</u>	<u>755,500</u>	<u>116,765</u>	<u>1,361,755</u>	<u>556,652</u>	<u>3,634</u>	<u>1,085,281</u>	<u>454,113</u>
Excess (deficiency) of receipts over disbursements	<u>270,866</u>	<u>(27,102)</u>	<u>(17,076)</u>	<u>(315,148)</u>	<u>167,393</u>	<u>69,266</u>	<u>(1,085,281)</u>	<u>12,179</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	1,000	-	286
Transfers in	-	-	-	-	-	-	400,000	-
Transfers out	-	-	-	(250,000)	(150,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(150,000)</u>	<u>1,000</u>	<u>400,000</u>	<u>286</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>270,866</u>	<u>(27,102)</u>	<u>(17,076)</u>	<u>(565,148)</u>	<u>17,393</u>	<u>70,266</u>	<u>(685,281)</u>	<u>12,465</u>
Cash and investments - ending	<u>\$ 265,153</u>	<u>\$ 505,920</u>	<u>\$ 18,049</u>	<u>\$ 63,277</u>	<u>\$ 552,941</u>	<u>\$ 74,414</u>	<u>\$ 1,033,337</u>	<u>\$ 102,828</u>

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

	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	SAFE School Haven	Early Intervention Grant	Lilly Counseling Initiative	Restricted Donation Fund
Cash and investments - beginning	\$ 196,843	\$ 146,492	\$ -	\$ 5,662	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	154,067	934,278	-	-	-	-	30,000	2,400
Intermediate sources	-	-	-	169	-	-	-	-
State sources	29,465	-	-	-	8,783	4,784	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	400	-	-	-	-	-	-	-
Total receipts	<u>183,932</u>	<u>934,278</u>	<u>-</u>	<u>169</u>	<u>8,783</u>	<u>4,784</u>	<u>30,000</u>	<u>2,400</u>
Disbursements:								
Instruction	-	-	-	-	-	3,905	-	-
Support services	114,813	4,041	-	-	12,027	-	10,265	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	926,800	-	-	-	-	-	2,400
Total disbursements	<u>114,813</u>	<u>930,841</u>	<u>-</u>	<u>-</u>	<u>12,027</u>	<u>3,905</u>	<u>10,265</u>	<u>2,400</u>
Excess (deficiency) of receipts over disbursements	<u>69,119</u>	<u>3,437</u>	<u>-</u>	<u>169</u>	<u>(3,244)</u>	<u>879</u>	<u>19,735</u>	<u>-</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>69,119</u>	<u>3,437</u>	<u>-</u>	<u>169</u>	<u>(3,244)</u>	<u>879</u>	<u>19,735</u>	<u>-</u>
Cash and investments - ending	<u>\$ 265,962</u>	<u>\$ 149,929</u>	<u>\$ -</u>	<u>\$ 5,831</u>	<u>\$ (3,244)</u>	<u>\$ 879</u>	<u>\$ 19,735</u>	<u>\$ -</u>

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

	Miscellaneous Programs	Backyard Habitat Project	Orange Co. REMC Operation R/UP	Casino Revenue	High Ability	Formative Assessment	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,645,574	\$ -	\$ 2,695	\$ (35,000)
Receipts:							
Local sources	1,000	-	1,250	166,334	-	-	-
Intermediate sources	-	-	-	661,926	-	-	-
State sources	-	-	-	-	28,439	11,045	35,000
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,000</u>	<u>-</u>	<u>1,250</u>	<u>828,260</u>	<u>28,439</u>	<u>11,045</u>	<u>35,000</u>
Disbursements:							
Instruction	-	-	1,250	100,985	28,438	-	-
Support services	-	-	-	96,490	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	266,249	-	8,036	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,411	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>465,135</u>	<u>28,438</u>	<u>8,036</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>363,125</u>	<u>1</u>	<u>3,009</u>	<u>35,000</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(18,250)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>344,875</u>	<u>1</u>	<u>3,009</u>	<u>35,000</u>
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,990,449</u>	<u>\$ 1</u>	<u>\$ 5,704</u>	<u>\$ -</u>

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

	School Technology	Career and Technical Performance Grant	Performance Based Awards	After School Teen Program	After School Teen Operating	Excess PTRC Distributions	Chromebook Insurance Fund
Cash and investments - beginning	\$ 537	\$ -	\$ -	\$ 10,348	\$ -	\$ 25	\$ 4,588
Receipts:							
Local sources	-	-	-	3,750	-	-	22,548
Intermediate sources	-	-	-	-	-	-	-
State sources	6,309	3,700	12,656	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>6,309</u>	<u>3,700</u>	<u>12,656</u>	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>22,548</u>
Disbursements:							
Instruction	-	-	-	2,724	18,250	-	10,998
Support services	3,120	-	12,656	-	-	-	7,461
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	10
Total disbursements	<u>3,120</u>	<u>-</u>	<u>12,656</u>	<u>2,724</u>	<u>18,250</u>	<u>-</u>	<u>18,469</u>
Excess (deficiency) of receipts over disbursements	<u>3,189</u>	<u>3,700</u>	<u>-</u>	<u>1,026</u>	<u>(18,250)</u>	<u>-</u>	<u>4,079</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	18,250	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,250</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,189</u>	<u>3,700</u>	<u>-</u>	<u>1,026</u>	<u>-</u>	<u>-</u>	<u>4,079</u>
Cash and investments - ending	<u>\$ 3,726</u>	<u>\$ 3,700</u>	<u>\$ -</u>	<u>\$ 11,374</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 8,667</u>

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

	Title I FY 2014-15	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 164	\$ (2,428)	\$ -	\$ (25,557)	\$ 5,483,655
Receipts:						
Local sources	-	-	-	-	-	4,198,666
Intermediate sources	-	-	-	-	-	745,449
State sources	-	-	-	-	-	5,865,061
Federal sources	138,771	-	39,658	18,909	-	545,966
Other receipts	-	-	-	-	1,816,857	1,817,607
Total receipts	<u>138,771</u>	<u>-</u>	<u>39,658</u>	<u>18,909</u>	<u>1,816,857</u>	<u>13,172,749</u>
Disbursements:						
Instruction	133,890	-	37,769	18,909	-	4,548,646
Support services	14,650	-	-	6,203	-	3,643,465
Noninstructional services	-	-	-	-	1,810,953	2,394,922
Facilities acquisition and construction	-	-	-	-	-	1,224,114
Debt services	-	-	-	-	-	872,265
Nonprogrammed charges	-	-	-	-	-	930,621
Total disbursements	<u>148,540</u>	<u>-</u>	<u>37,769</u>	<u>25,112</u>	<u>1,810,953</u>	<u>13,614,033</u>
Excess (deficiency) of receipts over disbursements	<u>(9,769)</u>	<u>-</u>	<u>1,889</u>	<u>(6,203)</u>	<u>5,904</u>	<u>(441,284)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	1,286
Transfers in	-	-	-	-	-	418,250
Transfers out	-	-	-	-	-	(418,250)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,286</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(9,769)</u>	<u>-</u>	<u>1,889</u>	<u>(6,203)</u>	<u>5,904</u>	<u>(439,998)</u>
Cash and investments - ending	\$ <u>(9,769)</u>	\$ <u>164</u>	\$ <u>(539)</u>	\$ <u>(6,203)</u>	\$ <u>(19,653)</u>	\$ <u>5,043,657</u>

(This page intentionally left blank.)

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 27,829</u>	<u>\$ 19,755</u>

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Springs Valley School Building Corporation	First Mortgage Refunding Bonds	\$ 763,500	6/30/2014	12/31/2028
Total of annual lease payments		<u>\$ 763,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	Retirement/Severance Bonds	\$ 745,000	\$ 112,441
Totals		<u>\$ 745,000</u>	<u>\$ 112,441</u>

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 351,012
Buildings	18,996,557
Improvements other than buildings	1,773,239
Machinery, equipment, and vehicles	<u>3,360,533</u>
Total governmental activities	<u>24,481,341</u>
Total capital assets	<u><u>\$ 24,481,341</u></u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SPRINGS VALLEY COMMUNITY
SCHOOLS CORPORATION, ORANGE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 10, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Lunch			6160	\$ -	\$ -	\$ -	\$ 78,385
School Lunch			6160	-	68,568	-	-
Total - School Breakfast Program				-	68,568	-	78,385
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			6160	-	-	-	223,346
School Lunch			6160	-	189,218	-	-
Commodities			6160	-	27,136	-	32,432
Total - National School Lunch Program				-	216,354	-	255,778
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service			6160	-	-	-	5,127
Summer Food Service			6160	-	6,361	-	-
Total - Summer Food Service Program for Children				-	6,361	-	5,127
Total - Child Nutrition Cluster				-	291,283	-	339,290
Total - Department of Agriculture				-	291,283	-	339,290
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
Special Education			14214-056-PN01	-	329	-	-
Special Education			14215-056-PN01	-	57,275	-	-
Special Education			14215-056-PN01	-	-	-	2,342
Special Education			14216-054-PN01	-	145,605	-	-
Special Education			14216-054-PN01	-	-	-	72,971
Special Education			14217-054-PN01	-	-	-	136,691
Special Education			99914-056-TA01	-	1,952	-	-
Total - Special Education_Grants to Schools				-	205,161	-	212,004

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Special Education			45714-056-PN01	-	-	-	-
Special Education			45715-056-PN01	-	6,203	-	-
Special Education			45715-056-PN01	-	-	-	339
Special Education			45716-054-PN01	-	6,315	-	-
Special Education			45716-054-PN01	-	-	-	5,705
Special Education			45717-054-PN01	-	-	-	6,951
Total - Special Education_Preschool Grants				-	12,518	-	12,995
Total - Special Education Cluster (IDEA)				-	217,679	-	224,999
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			16-6160	-	147,146	-	-
Title I			15-6160	-	33,914	-	-
Title I			16-6160	-	-	-	41,771
Title I			17-6160	-	-	-	138,771
Total - Title I Grants to Local Educational Agencies				-	181,060	-	180,542
Rural Education	Indiana Department of Education	84.358					
Rural and Low-Income			700053588150014	-	-	-	18,909
Total - Rural Education				-	-	-	18,909
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Class Size Reduction			S367A150015	-	35,122	-	-
Class Size Reduction			S367A160013	-	-	-	39,658
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	35,122	-	39,658
Total - Department of Education				-	433,861	-	464,108
Total federal awards expended				\$ -	\$ 725,144	\$ -	\$ 803,398

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

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operates the Special Education program for the School Corporation. 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.

SPRINGS VALLEY COMMUNITY SCHOOLS 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified

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

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

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Child Nutrition Cluster - Equipment
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program,
 Summer Food Service Program for Children
 CFDA Numbers: 10.553, 10.555, 10.559
 Federal Award Numbers and Years (or Other Identifying Numbers): 6160, FY 15-16, FY 16-17
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Equipment and Real Property Management
 Audit Findings: Material Weakness, Other Matters

SPRINGS VALLEY COMMUNITY SCHOOLS 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 equipment requirements.

The School Corporation did not have adequate policies and procedures to ensure that the proper equipment records were maintained in accordance with federal guidelines. The School Corporation did not comply with the equipment requirements.

The School Corporation did not maintain a listing of equipment purchased from the School Lunch fund. Equipment totaling \$48,500 purchased from the School Lunch fund was not recorded in the equipment and property records of the School Corporation. A physical inventory of the equipment was not taken. These compliance requirements were not monitored by the Food Service Director or by any other employee of the School Corporation.

Context

No property records existed for equipment purchased from the School Lunch fund. The lack of controls was a systemic problem for the period audited.

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 200.313(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.

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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. . . ."

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the equipment requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,

Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 6160, FY 15-16, FY 16-17

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.

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation utilized a food service cooperative for food service bids. The food service cooperative administered the bidding process and verified that the vendors were not suspended or debarred. In addition, the School Corporation utilized four vendors, who were not part of the cooperative, for which the total purchases for the fiscal years 2016 and 2017 were within the small purchase threshold (\$3,500-\$150,000) and the School Corporation did not obtain quotes or maintain documentation for the rationale of selecting each vendor for food purchases. The School Corporation did not verify that the vendors with whom the School Corporation entered into a covered transaction were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs.

Context

The lack of controls and noncompliance were systemic problems occurring during 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). . . ."

2 CFR 200.318(a) states: "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."

2 CFR 200.320 states in part:

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

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

2 CFR 180.300 states:

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

SPRINGS VALLEY COMMUNITY SCHOOLS CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

You do this by:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

SPRINGS VALLEY COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

498 SOUTH LARRY BIRD BLVD. • FRENCH LICK, INDIANA 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2013-14

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept of Education

Contact Person Responsible for Corrective Action: Shannon Meehan

Contact Phone Number: 812-936-9984 ext 215

Status of Audit Finding: Corrected September 2017

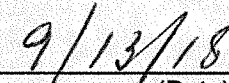
The receipts of monies are counted twice, first by the fund owner and recorded for placement with ECA treasurer, and second by ECA treasurer for receipting into the financial software program. Once receipts are recorded into the financial system, a log of receipts is printed which includes a total of receipts and signed off on by ECA treasurer and one other person for the monies to be deposited in the bank. The deposit is also now signed by ECA treasurer and one other person to verify that receipted funds match deposited funds.



(Signature)



(Title)



(Date)

SPRINGS VALLEY COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

498 SOUTH LARRY BIRD BLVD. • FRENCH LICK, INDIANA 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2013-14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept of Education
Contact Person Responsible for Corrective Action: Kathy Allstott
Contact Phone Number: 812-936-4474 ext 232

Status of Audit Finding: Corrected April 2016

Detailed expenditure reports are maintained with grant reimbursement requests, substantiating that the amounts requested for reimbursement have already been spent.

Kathy Allstott

(Signature)

Treasurer

(Title)

9/12/18

(Date)

SPRINGS VALLEY COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

498 SOUTH LARRY BIRD BLVD. • FRENCH LICK, INDIANA 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2013-14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept of Education
Contact Person Responsible for Corrective Action: Kathy Allstott
Contact Phone Number: 812-936-4474 ext 232

Status of Audit Finding: Corrected October 2017

Prior to entering into contracts, the website System of Awards Manager Center (www.sam.gov) is utilized to ensure that all vendors with whom the South Central Area Special Education Cooperative has contracts with exceeding \$25,000 are not suspended, debarred, or otherwise excluded from or ineligible to participate in federal assistance programs. Re-verification of eligibility is done on an annual basis.

Kathy Allstott

(Signature)

Treasurer

(Title)

9/13/18

(Date)

SPRINGS VALLEY COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

498 SOUTH LARRY BIRD BLVD. • FRENCH LICK, INDIANA 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal year in which the finding initially occurred: 2013-14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept of Education
Contact Person Responsible for Corrective Action: Trevor Apple
Contact Phone Number: 812-936-4820 ext 227

Status of Audit Finding: Corrected December 2017

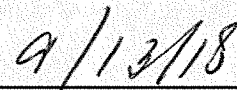
The Title I director is now maintaining semiannual certification for staff members who are paid 100% by federal funds, including Title I.



(Signature)



(Title)



(Date)

SPRINGS VALLEY COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

498 SOUTH LARRY BIRD BLVD. • FRENCH LICK, INDIANA 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005

Fiscal year in which the finding initially occurred: 2013-14
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept of Education
Contact Person Responsible for Corrective Action: Kathy Allstott
Contact Phone Number: 812-936-4474 ext 232

Status of Audit Finding: Completed September 2017

The corporation treasurer is now having the Title I Annual Expenditure Report reviewed by the superintendent and/or the Title I director prior to submission for verification of accuracy and completeness of the report. Administration is now maintaining documentation in personnel files to ensure that teachers and paraprofessionals are highly qualified.

Kathy Allstott

(Signature)

Treasurer

(Title)

9/13/16

(Date)

SPRINGS VALLEY COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

498 SOUTH LARRY BIRD BLVD. • FRENCH LICK, INDIANA 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Kathy Allstott
Contact Phone Number: 812-936-4474

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: All equipment items purchased by the Cafeteria School Lunch Fund over the threshold amount of \$2,500.00 will be recorded on the Fixed Assets Inventory maintained by the corporation. As an internal control measure, the Fixed Assets Inventory list will be verified by the cafeteria director on an annual basis.

Anticipated Completion Date: October 10, 2018

Kathy Allstott
(Signature)

Treasurer
(Title)

10/09/18
(Date)

SPRINGS VALLEY COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

498 SOUTH LARRY BIRD BLVD. • FRENCH LICK, INDIANA 47432-1060
PHONE (812) 936-4474 • FAX (812) 936-9392

CORRECTIVE ACTION PLAN


FINDING 2017-002

Contact Person Responsible for Corrective Action: Kathy Allstott
Contact Phone Number: 812-936-4474

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The cafeteria director will maintain records of quotes obtained for food service bids from vendors who are not part of the food service cooperative. Evidence of compliance for suspension and debarment will be satisfied by one of three methods: verification of suspension and debarment eligibility on the www.sam.gov website, statement of non-debarment affidavit, or vendor contract to include satisfactory language pertaining to suspension and debarment. Suspension and debarment compliance will be verified annually or per terms of the vendor contract.

Anticipated Completion Date: October 10, 2018



(Signature)

Treasurer

(Title)

10/09/18

(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/>.