

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WESTERN BOONE COUNTY  
COMMUNITY SCHOOL CORPORATION  
BOONE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
11/30/2018



## 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 Leases and Debt .....	30
Schedule of Capital Assets.....	31
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance .....	34-36
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	38-39
Notes to Schedule of Expenditures of Federal Awards .....	40
Schedule of Findings and Questioned Costs .....	41-50
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	52-55
Corrective Action Plan .....	56-60
Other Reports.....	61

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vivian Norman Melissa Griffin Vivian Norman Kristen Dunn	07-01-15 to 11-30-17 12-01-17 to 06-11-18 06-12-18 to 07-31-18 08-01-18 to 12-31-18
Superintendent of Schools	Dr. Judi Hendrix Robert W. Ramey	07-01-15 to 05-31-16 06-01-16 to 12-31-18
President of the School Board	Shane Steimel	07-01-15 to 12-31-18



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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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WESTERN BOONE COUNTY COMMUNITY  
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Western Boone County Community School 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

***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 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 22, 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 22, 2018



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Web Site: [www.in.gov/sboa](http://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 WESTERN BOONE COUNTY COMMUNITY  
SCHOOL CORPORATION, BOONE 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 Western Boone County Community School 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 22, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free 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*.

**Western Boone County 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

October 22, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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WESTERN BOONE COUNTY COMMUNITY SCHOOL 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			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		
General	\$ 1,695,255	\$ 10,612,027	\$ 10,501,992	\$ 14,176	\$ 1,819,466	\$ 10,693,728	\$ 10,535,400	\$ 12,895	\$ 1,990,689
Debt Service	1,853,336	3,055,085	3,306,401	-	1,602,020	3,304,778	3,500,364	(51,118)	1,355,316
Capital Projects	523,969	1,426,336	1,504,277	-	446,028	1,466,324	1,449,671	(25,685)	436,996
School Transportation	706,238	1,409,317	1,255,553	(50,000)	810,002	1,331,080	1,246,751	(125,323)	769,008
School Bus Replacement	208,771	354,421	274,790	(100,000)	188,402	360,923	181,328	(103,910)	264,087
Rainy Day	1,229,573	-	174,453	150,000	1,205,120	-	76,317	200,000	1,328,803
Construction	622	-	-	-	622	-	-	-	622
Go Bond - 2016 Project	-	1,216	225,844	3,003,633	2,779,005	3,603	2,527,698	-	254,910
School Lunch	460,976	901,946	894,707	-	468,215	882,789	826,710	-	524,294
Textbook Rental	156,171	163,330	189,568	-	129,933	151,390	40,424	-	240,899
Levy Excess	-	2,763	-	-	2,763	-	-	106,036	108,799
SAFE School Haven	(900)	10,201	13,665	-	(4,364)	12,270	10,208	-	(2,302)
Counseling Grant - Lilly	-	-	-	-	-	30,000	22,138	-	7,862
Donation-Tomkins	2	-	2	-	-	-	-	-	-
Donation-Heffner (GW Schools)	927	-	-	-	927	-	-	-	927
Donations-WB Scoreboard	3,609	-	-	-	3,609	-	-	-	3,609
WEBO Education Foundation	180,371	63,380	39,346	-	204,405	64,020	54,081	-	214,344
Formative Assessment	-	18,063	17,612	-	451	21,246	16,620	-	5,077
Special Education Excess Costs	-	-	-	-	-	30,525	30,525	-	-
Radio/TV Voc Ed Program	-	11,874	11,874	-	-	13,758	7,332	-	6,426
Computer Consortium/Ed Tech Advance	-	24,418	24,418	-	-	167,200	167,200	-	-
Adult and Continuing Education	30,609	21,571	21,258	-	30,922	18,627	20,426	-	29,123
Early Childhood Intervention (First Steps)	-	32,754	18,578	(14,176)	-	32,334	19,439	(12,895)	-
Medicaid Reimbursement	178	16,803	1,117	-	15,864	27,682	9,518	-	34,028
Secured Schools Safety Grant	(17,482)	33,792	33,727	-	(17,417)	17,417	-	-	-
Non-English Speaking Programs	568	-	-	-	568	-	-	-	568
School Technology	4,139	11,845	9,345	-	6,639	12,392	9,685	-	9,346
Career and Technical Performance Grant	-	-	-	-	-	10,142	1,951	-	8,191
21st Century Scholars	-	-	-	-	-	559	559	-	-
Miscellaneous Programs (WB Maint Grant)	-	445	-	-	445	665	-	-	1,110
PreSchool Grant	25,465	22,792	17,930	-	30,327	4,155	737	-	33,745
Synergy Leadership Grant	879	-	-	-	879	-	-	-	879
Com Frndtn Boone-Lifeskill	8	-	-	-	8	-	8	-	-
BCMG Grant - WB Lifeskills	150	-	49	-	101	-	101	-	-
WBBUS Grant	53	-	-	-	53	-	-	-	53
Energy Club Grant	1,500	-	500	-	1,000	-	-	-	1,000
YAR-Mentor Grant-Western Boone	1,975	-	852	-	1,123	-	940	-	183
Bear Grant-Technology	147	-	-	-	147	-	-	-	147
Strategic Planning Grant	9,185	1,907	5,683	-	5,409	6,432	4,578	-	7,263
Smart Resolutions	17,877	225	2,598	-	15,504	583	4,792	-	11,295
Title I	(7,541)	134,426	133,663	-	(6,778)	109,107	104,914	-	(2,585)
Spec Needs Grant - Pt B	(14,537)	337,597	333,645	-	(10,585)	338,244	337,203	-	(9,544)
Preschool Fed 619 Grant	-	10,303	10,303	-	-	10,822	10,822	-	-
Medicaid Reimbursement - Federal	-	33,387	-	-	33,387	55,001	1,100	-	87,288
Improving Teacher Quality, No Child Left, Title II, Part A	(2,677)	42,499	43,313	-	(3,491)	33,527	33,193	-	(3,157)
Title III - English Proficiency Migrant	843	-	-	-	843	-	500	-	343
School Lunch Clearing (Prepaid Meals)	-	-	-	-	-	16,107	-	-	16,107
Payroll Clearing	46,151	2,650,892	2,653,401	-	43,642	2,686,066	2,685,581	-	44,127
<b>Totals</b>	<b>\$ 7,116,410</b>	<b>\$ 21,405,615</b>	<b>\$ 21,720,464</b>	<b>\$ 3,003,633</b>	<b>\$ 9,805,194</b>	<b>\$ 21,913,496</b>	<b>\$ 23,938,814</b>	<b>\$ -</b>	<b>\$ 7,779,876</b>

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

WESTERN BOONE COUNTY 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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

**E. Disbursements**

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

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

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

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

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

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

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

**F. Other Financing Sources and Uses**

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

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

*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.

WESTERN BOONE COUNTY 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.

WESTERN BOONE COUNTY 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.

*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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

*C. Additional Pension Plan*

The School Corporation also contributes to an additional pension plan unique to the School Corporation. The VALIC Annuity Plan applies to both certified and noncertified employees. The contribution amount depends on an employee's years of service with the School Corporation. For certified employees, the School Corporation contributes a flat rate of \$850 per year for 0 to 5 years of service, \$900 for 6 to 10 years of service, and \$950 for more than 10 years of service. The employee is required to match in order to receive this benefit. For noncertified employees, annual contributions are as follows: a flat rate of \$200 a year for 1 to 5 years of service, \$400 for 6 to 10 years of service, and \$600 for more than 10 years of service. The employee is required to contribute \$50 annually in order to receive this benefit. In addition to the VALIC Annuity Plan, the School Corporation contributes a percentage of gross pay each pay period into a VALIC account for full-time, noncertified employees who have completed 1 year of service with the School Corporation. The percentages are 4.5 percent, 3.75 percent, and 3 percent and are dependent upon the employee's position with the School Corporation. Information regarding this plan may be obtained from the School Corporation.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the School Corporation's participation in numerous reimbursable grant programs that require the expenditure of funds prior to the grant distribution.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into capital leases with Western Boone Multi-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, 2016 and 2017, totaled \$3,274,250 and \$3,283,500, respectively.

**Note 9. *Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses the following benefits: retired certified staff may remain on the School Corporation's health insurance plan. The School Corporation contributes an amount equal to the premium under the single plan, and the balance of the premium, if any, is paid by the retiree.

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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.

WESTERN BOONE COUNTY 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	Construction	Go Bond - 2016 Project	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,695,255	\$ 1,853,336	\$ 523,969	\$ 706,238	\$ 208,771	\$ 1,229,573	\$ 622	\$ -	\$ 460,976	\$ 156,171
Receipts:										
Local sources	176,668	3,055,085	1,426,148	1,409,217	354,421	-	-	1,216	523,564	75,280
Intermediate sources	46	-	-	-	-	-	-	-	-	-
State sources	10,393,253	-	-	-	-	-	-	-	11,730	45,434
Federal sources	-	-	-	-	-	-	-	-	366,652	15,596
Other receipts	42,060	-	188	100	-	-	-	-	-	27,020
Total receipts	<u>10,612,027</u>	<u>3,055,085</u>	<u>1,426,336</u>	<u>1,409,317</u>	<u>354,421</u>	<u>-</u>	<u>-</u>	<u>1,216</u>	<u>901,946</u>	<u>163,330</u>
Disbursements:										
Instruction	6,979,203	-	-	-	-	-	-	-	-	-
Support services	3,408,770	-	857,187	1,255,553	274,790	-	-	-	-	189,568
Noninstructional services	114,019	-	-	-	-	-	-	-	894,707	-
Facilities acquisition and construction	-	-	647,090	-	-	174,453	-	225,844	-	-
Debt services	-	3,306,401	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>10,501,992</u>	<u>3,306,401</u>	<u>1,504,277</u>	<u>1,255,553</u>	<u>274,790</u>	<u>174,453</u>	<u>-</u>	<u>225,844</u>	<u>894,707</u>	<u>189,568</u>
Excess (deficiency) of receipts over disbursements	<u>110,035</u>	<u>(251,316)</u>	<u>(77,941)</u>	<u>153,764</u>	<u>79,631</u>	<u>(174,453)</u>	<u>-</u>	<u>(224,628)</u>	<u>7,239</u>	<u>(26,238)</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	3,003,633	-	-
Transfers in	14,176	-	-	-	-	150,000	-	-	-	-
Transfers out	-	-	-	(50,000)	(100,000)	-	-	-	-	-
Total other financing sources (uses)	<u>14,176</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(100,000)</u>	<u>150,000</u>	<u>-</u>	<u>3,003,633</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>124,211</u>	<u>(251,316)</u>	<u>(77,941)</u>	<u>103,764</u>	<u>(20,369)</u>	<u>(24,453)</u>	<u>-</u>	<u>2,779,005</u>	<u>7,239</u>	<u>(26,238)</u>
Cash and investments - ending	<u>\$ 1,819,466</u>	<u>\$ 1,602,020</u>	<u>\$ 446,028</u>	<u>\$ 810,002</u>	<u>\$ 188,402</u>	<u>\$ 1,205,120</u>	<u>\$ 622</u>	<u>\$ 2,779,005</u>	<u>\$ 468,215</u>	<u>\$ 129,933</u>

WESTERN BOONE COUNTY 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

	Levy Excess	SAFE School Haven	Counseling Grant - Lilly	Donation- Tomkins	Donation- Heffner (GW Schools)	Donations-WB Scoreboard	WEBO Education Foundation	Formative Assessment	Special Education Excess Costs	Radio/TV Voc Ed Program
Cash and investments - beginning	\$ -	\$ (900)	\$ -	\$ 2	\$ 927	\$ 3,609	\$ 180,371	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	11,874
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	2,763	-	-	-	-	-	-	18,063	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	10,201	-	-	-	-	63,380	-	-	-
Total receipts	2,763	10,201	-	-	-	-	63,380	18,063	-	11,874
Disbursements:										
Instruction	-	13,665	-	2	-	-	22,900	17,612	-	11,874
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	16,446	-	-	-
Total disbursements	-	13,665	-	2	-	-	39,346	17,612	-	11,874
Excess (deficiency) of receipts over disbursements	2,763	(3,464)	-	(2)	-	-	24,034	451	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,763	(3,464)	-	(2)	-	-	24,034	451	-	-
Cash and investments - ending	\$ 2,763	\$ (4,364)	\$ -	\$ -	\$ 927	\$ 3,609	\$ 204,405	\$ 451	\$ -	\$ -

WESTERN BOONE COUNTY 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

	Computer Consortium/ Ed Tech Advance	Adult and Continuing Education	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	21st Century Scholars	Miscellaneous Programs (WB Maint Grant)
Cash and investments - beginning	\$ -	\$ 30,609	\$ -	\$ 178	\$ (17,482)	\$ 568	\$ 4,139	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	3,740	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	24,418	-	32,754	16,803	-	-	9,152	-	-	-
Federal sources	-	-	-	-	33,792	-	-	-	-	-
Other receipts	-	17,831	-	-	-	-	2,693	-	-	445
Total receipts	24,418	21,571	32,754	16,803	33,792	-	11,845	-	-	445
Disbursements:										
Instruction	-	21,258	18,578	1,117	-	-	9,345	-	-	-
Support services	24,418	-	-	-	17,417	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	16,310	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,418	21,258	18,578	1,117	33,727	-	9,345	-	-	-
Excess (deficiency) of receipts over disbursements	-	313	14,176	15,686	65	-	2,500	-	-	445
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(14,176)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(14,176)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	313	-	15,686	65	-	2,500	-	-	445
Cash and investments - ending	\$ -	\$ 30,922	\$ -	\$ 15,864	\$ (17,417)	\$ 568	\$ 6,639	\$ -	\$ -	\$ 445

WESTERN BOONE COUNTY 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

	PreSchool Grant	Synergy Leadership Grant	Com Fndtn Boone- Lifeskill	BCMG Grant - WB Lifeskills	WBBUS Grant	Energy Club Grant	YAR-Mentor Grant- Western Boone	Bear Grant- Technology	Strategic Planning Grant	Smart Resolutions
Cash and investments - beginning	\$ 25,465	\$ 879	\$ 8	\$ 150	\$ 53	\$ 1,500	\$ 1,975	\$ 147	\$ 9,185	\$ 17,877
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	225
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	22,792	-	-	-	-	-	-	-	1,907	-
Total receipts	22,792	-	-	-	-	-	-	-	1,907	225
Disbursements:										
Instruction	17,930	-	-	49	-	500	852	-	-	2,598
Support services	-	-	-	-	-	-	-	-	5,683	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	17,930	-	-	49	-	500	852	-	5,683	2,598
Excess (deficiency) of receipts over disbursements	4,862	-	-	(49)	-	(500)	(852)	-	(3,776)	(2,373)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,862	-	-	(49)	-	(500)	(852)	-	(3,776)	(2,373)
Cash and investments - ending	\$ 30,327	\$ 879	\$ 8	\$ 101	\$ 53	\$ 1,000	\$ 1,123	\$ 147	\$ 5,409	\$ 15,504

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

	Title I	Spec Needs Grant - Pt B	Preschool Fed 619 Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	School Lunch Clearing (Prepaid Meals)	Payroll Clearing	Totals
Cash and investments - beginning	\$ (7,541)	\$ (14,537)	\$ -	\$ -	\$ (2,677)	\$ 843	\$ -	\$ 46,151	\$ 7,116,410
Receipts:									
Local sources	-	337,597	10,303	-	-	-	-	-	7,385,113
Intermediate sources	-	-	-	-	-	-	-	-	46
State sources	-	-	-	-	-	-	-	-	10,554,595
Federal sources	134,426	-	-	33,387	42,499	-	-	-	626,352
Other receipts	-	-	-	-	-	-	-	2,650,892	2,839,509
Total receipts	134,426	337,597	10,303	33,387	42,499	-	-	2,650,892	21,405,615
Disbursements:									
Instruction	133,663	319,429	10,303	-	43,313	-	-	-	7,624,191
Support services	-	14,216	-	-	-	-	-	-	6,047,602
Noninstructional services	-	-	-	-	-	-	-	-	1,008,726
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,063,697
Debt services	-	-	-	-	-	-	-	-	3,306,401
Nonprogrammed charges	-	-	-	-	-	-	-	2,653,401	2,669,847
Total disbursements	133,663	333,645	10,303	-	43,313	-	-	2,653,401	21,720,464
Excess (deficiency) of receipts over disbursements	763	3,952	-	33,387	(814)	-	-	(2,509)	(314,849)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	3,003,633
Transfers in	-	-	-	-	-	-	-	-	164,176
Transfers out	-	-	-	-	-	-	-	-	(164,176)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	3,003,633
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	763	3,952	-	33,387	(814)	-	-	(2,509)	2,688,784
Cash and investments - ending	\$ (6,778)	\$ (10,585)	\$ -	\$ 33,387	\$ (3,491)	\$ 843	\$ -	\$ 43,642	\$ 9,805,194

WESTERN BOONE COUNTY 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, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Go Bond - 2016 Project	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,819,466	\$ 1,602,020	\$ 446,028	\$ 810,002	\$ 188,402	\$ 1,205,120	\$ 622	\$ 2,779,005	\$ 468,215	\$ 129,933
Receipts:										
Local sources	179,343	3,304,778	1,420,050	1,324,663	360,923	-	-	2,418	505,665	73,509
Intermediate sources	78	-	-	-	-	-	-	-	-	-
State sources	10,454,613	-	-	-	-	-	-	-	12,077	45,871
Federal sources	-	-	-	-	-	-	-	-	365,047	6,099
Other receipts	59,694	-	46,274	6,417	-	-	-	1,185	-	25,911
Total receipts	10,693,728	3,304,778	1,466,324	1,331,080	360,923	-	-	3,603	882,789	151,390
Disbursements:										
Instruction	7,045,691	-	-	-	-	60,000	-	-	-	-
Support services	3,369,121	-	939,532	1,246,751	181,328	16,317	-	-	-	40,424
Noninstructional services	120,588	-	-	-	-	-	-	-	826,710	-
Facilities acquisition and construction	-	-	510,139	-	-	-	-	2,527,698	-	-
Debt services	-	3,500,364	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,535,400	3,500,364	1,449,671	1,246,751	181,328	76,317	-	2,527,698	826,710	40,424
Excess (deficiency) of receipts over disbursements	158,328	(195,586)	16,653	84,329	179,595	(76,317)	-	(2,524,095)	56,079	110,966
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	12,895	-	-	-	-	200,000	-	-	-	-
Transfers out	-	(51,118)	(25,685)	(125,323)	(103,910)	-	-	-	-	-
Total other financing sources (uses)	12,895	(51,118)	(25,685)	(125,323)	(103,910)	200,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	171,223	(246,704)	(9,032)	(40,994)	75,685	123,683	-	(2,524,095)	56,079	110,966
Cash and investments - ending	\$ 1,990,689	\$ 1,355,316	\$ 436,996	\$ 769,008	\$ 264,087	\$ 1,328,803	\$ 622	\$ 254,910	\$ 524,294	\$ 240,899

WESTERN BOONE COUNTY 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, 2017

	Levy Excess	SAFE School Haven	Counseling Grant - Lilly	Donation- Tomkins	Donation- Heffner (GW Schools)	Donations-WB Scoreboard	WEBO Education Foundation	Formative Assessment	Special Education Excess Costs	Radio/TV Voc Ed Program
Cash and investments - beginning	\$ 2,763	\$ (4,364)	\$ -	\$ -	\$ 927	\$ 3,609	\$ 204,405	\$ 451	\$ -	\$ -
Receipts:										
Local sources	-	-	30,000	-	-	-	-	-	-	13,758
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	21,246	30,525	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	12,270	-	-	-	-	64,020	-	-	-
Total receipts	-	12,270	30,000	-	-	-	64,020	21,246	30,525	13,758
Disbursements:										
Instruction	-	10,208	22,138	-	-	-	17,831	16,620	30,525	7,332
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	36,250	-	-	-
Total disbursements	-	10,208	22,138	-	-	-	54,081	16,620	30,525	7,332
Excess (deficiency) of receipts over disbursements	-	2,062	7,862	-	-	-	9,939	4,626	-	6,426
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	106,036	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	106,036	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	106,036	2,062	7,862	-	-	-	9,939	4,626	-	6,426
Cash and investments - ending	\$ 108,799	\$ (2,302)	\$ 7,862	\$ -	\$ 927	\$ 3,609	\$ 214,344	\$ 5,077	\$ -	\$ 6,426

WESTERN BOONE COUNTY 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, 2017

	Computer Consortium/ Ed Tech Advance	Adult and Continuing Education	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	21st Century Scholars	Miscellaneous Programs (WB Maint Grant)
Cash and investments - beginning	\$ -	\$ 30,922	\$ -	\$ 15,864	\$ (17,417)	\$ 568	\$ 6,639	\$ -	\$ -	\$ 445
Receipts:										
Local sources	-	3,801	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	167,200	-	32,334	27,682	-	-	8,468	10,142	559	-
Federal sources	-	-	-	-	17,417	-	-	-	-	-
Other receipts	-	14,826	-	-	-	-	3,924	-	-	665
Total receipts	167,200	18,627	32,334	27,682	17,417	-	12,392	10,142	559	665
Disbursements:										
Instruction	-	20,426	19,439	9,518	-	-	9,685	1,951	559	-
Support services	167,200	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	167,200	20,426	19,439	9,518	-	-	9,685	1,951	559	-
Excess (deficiency) of receipts over disbursements	-	(1,799)	12,895	18,164	17,417	-	2,707	8,191	-	665
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(12,895)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(12,895)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,799)	-	18,164	17,417	-	2,707	8,191	-	665
Cash and investments - ending	\$ -	\$ 29,123	\$ -	\$ 34,028	\$ -	\$ 568	\$ 9,346	\$ 8,191	\$ -	\$ 1,110

WESTERN BOONE COUNTY 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, 2017

	PreSchool Grant	Synergy Leadership Grant	Com Fndtn Boone- Lifeskill	BCMG Grant - WB Lifeskills	WBBUS Grant	Energy Club Grant	YAR-Mentor Grant- Western Boone	Bear Grant- Technology	Strategic Planning Grant	Smart Resolutions
Cash and investments - beginning	\$ 30,327	\$ 879	\$ 8	\$ 101	\$ 53	\$ 1,000	\$ 1,123	\$ 147	\$ 5,409	\$ 15,504
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	583
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	4,155	-	-	-	-	-	-	-	6,432	-
Total receipts	4,155	-	-	-	-	-	-	-	6,432	583
Disbursements:										
Instruction	737	-	8	101	-	-	940	-	-	4,792
Support services	-	-	-	-	-	-	-	-	4,578	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	737	-	8	101	-	-	940	-	4,578	4,792
Excess (deficiency) of receipts over disbursements	3,418	-	(8)	(101)	-	-	(940)	-	1,854	(4,209)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,418	-	(8)	(101)	-	-	(940)	-	1,854	(4,209)
Cash and investments - ending	\$ 33,745	\$ 879	\$ -	\$ -	\$ 53	\$ 1,000	\$ 183	\$ 147	\$ 7,263	\$ 11,295

WESTERN BOONE COUNTY 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, 2017

	Title I	Spec Needs Grant - Pt B	Preschool Fed 619 Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	School Lunch Clearing (Prepaid Meals)	Payroll Clearing	Totals
Cash and investments - beginning	\$ (6,778)	\$ (10,585)	\$ -	\$ 33,387	\$ (3,491)	\$ 843	\$ -	\$ 43,642	\$ 9,805,194
Receipts:									
Local sources	-	338,244	10,822	-	-	-	-	-	7,567,974
Intermediate sources	-	-	-	-	-	-	-	-	78
State sources	-	-	-	-	-	-	-	-	10,811,300
Federal sources	109,107	-	-	55,001	33,527	-	-	-	586,198
Other receipts	-	-	-	-	-	-	16,107	2,686,066	2,947,946
Total receipts	109,107	338,244	10,822	55,001	33,527	-	16,107	2,686,066	21,913,496
Disbursements:									
Instruction	104,914	322,987	10,822	1,100	33,193	500	-	-	7,752,017
Support services	-	14,216	-	-	-	-	-	-	5,979,467
Noninstructional services	-	-	-	-	-	-	-	-	947,298
Facilities acquisition and construction	-	-	-	-	-	-	-	-	3,037,837
Debt services	-	-	-	-	-	-	-	-	3,500,364
Nonprogrammed charges	-	-	-	-	-	-	-	2,685,581	2,721,831
Total disbursements	104,914	337,203	10,822	1,100	33,193	500	-	2,685,581	23,938,814
Excess (deficiency) of receipts over disbursements	4,193	1,041	-	53,901	334	(500)	16,107	485	(2,025,318)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	318,931
Transfers out	-	-	-	-	-	-	-	-	(318,931)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,193	1,041	-	53,901	334	(500)	16,107	485	(2,025,318)
Cash and investments - ending	\$ (2,585)	\$ (9,544)	\$ -	\$ 87,288	\$ (3,157)	\$ 343	\$ 16,107	\$ 44,127	\$ 7,779,876

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Western Boone Multi-School Building Corporation	2008 Refinancing Bond	\$ 544,500	12/31/2008	06/30/2020
Western Boone Multi-School Building Corporation	2016 Bond (2009 Refinanced)	<u>2,746,500</u>	12/31/2016	12/31/2028
Total of annual lease payments		<u>\$ 3,291,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	GO Bond	\$ 2,865,000	\$ 360,251
Notes and loans payable	Common School Loan	<u>372,800</u>	<u>99,961</u>
Totals		<u>\$ 3,237,800</u>	<u>\$ 460,212</u>

WESTERN BOONE COUNTY COMMUNITY SCHOOL 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:	
Buildings	\$ 41,706,979
Improvements other than buildings	288,312
Machinery, equipment, and vehicles	<u>6,264,592</u>
Total capital assets	<u>\$ 48,259,883</u>

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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 WESTERN BOONE COUNTY COMMUNITY  
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

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

We have audited the Western Boone County Community School 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.

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

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in items 2017-004 and 2017-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment and Program Income 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 noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

***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 item 2017-003. 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.

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

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 2017-002, 2017-003, 2017-004, and 2017-005, 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.

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, CPA  
State Examiner

October 22, 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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL 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 Breakfast Program			FY 16-17	\$ -	\$ -	\$ -	\$ 53,253
School Breakfast Program			FY 15-16	-	63,479	-	-
Total - School Breakfast Program				-	63,479	-	53,253
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 16-17	-	-	-	311,794
School Lunch Program - Commodities			FY 15-16	-	303,173	-	-
School Lunch Program - Commodities			FY 16-17	-	-	-	74,457
School Lunch Program - Commodities			FY 15-16	-	70,362	-	-
Total - National School Lunch Program				-	373,535	-	386,251
Total - Child Nutrition Cluster				-	437,014	-	439,504
Total - Department of Agriculture				-	437,014	-	439,504
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education - Grants to States	Indiana Department of Education	84.027					
Special Ed - Part B			14216-092-PN01	-	313,767	-	10,584
Special Ed - Part B			14217-092-PN01	-	-	-	327,660
Special Ed - Part B			14251-099-PN01	-	23,831	-	-
Total - Special Education - Grants to States				-	337,598	-	338,244

WESTERN BOONE COUNTY COMMUNITY SCHOOL 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 Ed - PreSchool			45716-092-PN01	-	10,330	-	-
Special Ed - PreSchool			45717-092-PN01	-	-	-	10,822
Total - Special Education - Preschool Grants				-	10,330	-	10,822
Total - Special Education Cluster (IDEA)				-	347,928	-	349,066
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I - Part A			15-0615	-	14,704	-	-
Title I - Part A			16-0615	-	119,722	-	11,221
Title I - Part A			17-0615	-	-	-	97,885
Total - Title I Grants to Local Educational Agencies				-	134,426	-	109,106
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Grant			14-0615	-	17,057	-	-
Title II Grant			15-0615	-	25,442	-	-
Title II Grant			S367A150015	-	-	-	16,065
Title II Grant			S367A160013	-	-	-	17,462
Total - Supporting Effective Instruction State Grants				-	42,499	-	33,527
Total - Department of Education				-	524,853	-	491,699
Total federal awards expended				\$ -	\$ 961,867	\$ -	\$ 931,203

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

WESTERN BOONE COUNTY 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, 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.

WESTERN BOONE COUNTY 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?	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	Qualified

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**

**FINDING 2017-001**

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. The School Corporation had not separated incompatible activities related to receipts and payroll-related disbursements.

*Receipts*

The School Corporation had not properly designed or implemented procedures over the issuance and recording of receipts and the subsequent deposit of funds. School Corporation employees issued, recorded, and deposited collections without evidence of segregation of duties. There was no oversight or review to ensure the accuracy and classification to the proper fund and account.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Payroll-related Disbursements*

Two business office employees entered the salaries and wages each year without evidence of a proper system of oversight or review to ensure that employees were paid the correct amounts from the proper funds. One employee also recorded and reconciled all payroll transactions. The process lacked adequate oversight and approval of the transactions and reports generated based on the transactions.

*Context*

The lack of controls was a systemic issue 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. . . .

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

*Effect*

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

*Recommendation*

We recommended that the School Corporation establish a system of internal controls, including segregation of duties, related to financial transactions and reporting.

*Views of Responsible Officials*

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2017-002**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP); Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*Condition*

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

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

Two business office employees entered the salaries and wages each year without evidence of a proper system of oversight or review to ensure that employees were paid the correct amounts from the proper funds. One employee recorded and reconciled payroll transactions. The process lacked adequate oversight and approval of the transactions and reports generated based on the transactions.

*Reporting*

One employee prepared and submitted the Annual Financial Report and the School Food Authority (SFA) Verification Collection Report without a documented oversight, review, or approval process in place to ensure their accuracy.

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

The Food Service Director performed the verification of applications for free and reduced price meals without evidence of oversight or review.

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

The Food Service Director performed the paid lunch equity calculations using the online calculator tool without evidence of oversight or review.

*Context*

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

WESTERN BOONE COUNTY 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). . . ."

*Cause*

The School Corporation had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2017-003***

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): 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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-003.

*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 equipment requirements.

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 the results of required physical inventories be reconciled with the property records.

The School Corporation did not accurately maintain equipment or property records for equipment purchased with program funds. Although an inventory was performed, the inventory was not reviewed for errors or omissions. The inventory omitted a cold food counter, a pressure boiler, and an oven. In addition, property records did not contain all required information.

*Context*

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

*Criteria*

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

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

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). . . ."

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

7 CFR 3016.32 states in part:

". . . (b) . . . 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. . . ."

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. . . ."

*Cause*

The School Corporation's management had not implemented a system of internal controls that would have ensured compliance with the equipment requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Equipment and Real Property 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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2017-004**

Subject: Child Nutrition Cluster - Procurement  
Federal Agency: Department Of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
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 procurement requirements.

The School Corporation used an education service center to solicit, evaluate, and award bids for bread and milk. However, the School Corporation did not have procedures in place to ensure that their food service department used only vendors awarded by the service center.

The School Corporation did not have effective internal controls in place to ensure that the purchasing methods used complied with 2 CFR 200.320.

The School Corporation did not always obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the small purchase procedures. The School Corporation also did not document the rationale for the method of procurement, especially when a noncompetitive proposal method was used.

*Context*

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

*Criteria*

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

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

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). . . ."

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.320 states in part:

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

- (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. . . ."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2017-005**

Subject: Child Nutrition Cluster - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program income  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2015-002.

WESTERN BOONE COUNTY 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 compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the food service program reports were reconciled to program income received in the School Lunch fund. All receipts from sales, as well as prepayments, were recorded directly into the School Lunch fund.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(c) states:

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

7 CFR 210.14(f)(3) states:

"All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the program income requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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

# Western Boone Jr. Sr. High School

1205 N. State Road 75

Thorntown, Indiana 46071

(765) 482-6143 FAX: (765) 482-6146

*Principal*  
Mr. Brent Miller

*Assistant Principal*  
Mrs. Jane Taylor

*Assistant Principal*  
Mr. Christopher Tucker

*Assistant Principal*  
Mr. Jon Compton



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-001***

Fiscal year in which the finding initially occurred: FY14 & FY15

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

Contact Person Responsible for Corrective Action: Jane Taylor

Contact Phone Number: 765-485-2409

#### Status of Audit Finding:

In 2014-15 and 2015-16, the Director of School Lunch, had establish a working plan which was approved by the State School Nutrition Division in order to reduce the cash balance which has grown to exceed the three- month average. Reviewing the cash flow in 2016, the Director of School Lunch, revised the plan to redesign the high school cafeteria serving line in order to reduce cash balance. This was also approved by the State School Nutrition Division.

  
(Signature)

  
(Title)

  
(Date)

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*Assistant Principal*  
Mr. Christopher Tucker

*Assistant Principal*  
Mr. Jon Compton



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-002**

Fiscal year in which the finding initially occurred: FY14 & FY15

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

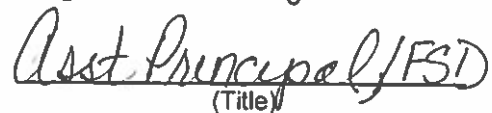
Contact Person Responsible for Corrective Action: Jane Taylor

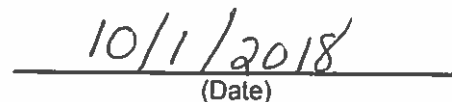
Contact Phone Number: 765-485-2409

### Status of Audit Finding:

A separate fund which holds all pre-paid receipts was established. Due to the timing of the prior audit, the Corporation was unable to implement procedures to fully correct the audit finding.

  
(Signature)

  
(Title)

  
(Date)

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Mr. Jon Compton

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-003**

Fiscal year in which the finding initially occurred: FY14 & FY15

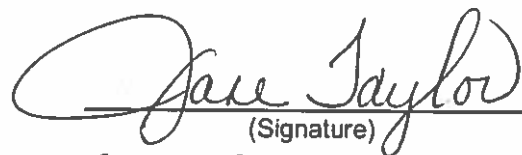
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

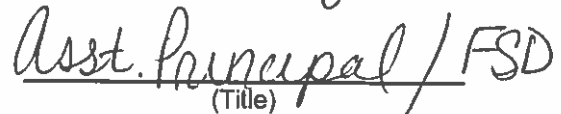
Contact Person Responsible for Corrective Action: Jane Taylor

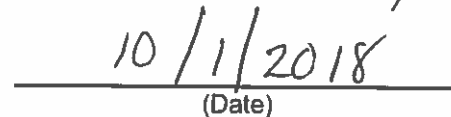
Contact Phone Number: 765-485-2409

### Status of Audit Finding:

The Corporation will continue to have a company come in to perform an inventory audit every two years. Due to the timing of the prior audit, the Corporation was unable to implement procedures to ensure property records were accurately maintained.

  
(Signature)

  
(Title)

  
(Date)

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*Assistant Principal*  
Mr. Christopher Tucker

*Assistant Principal*  
Mr. Jon Compton

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-004**

Fiscal year in which the finding initially occurred: FY14 & FY15

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

Contact Person Responsible for Corrective Action: Jane Taylor

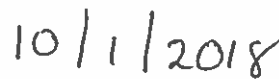
Contact Phone Number: 765-485-2409

### Status of Audit Finding:

The Director of School Lunch and the Corporation Treasurer will work together to insure that the School Corporation verifies that company has not been suspended or debarred prior to going into any contract. The Company in question documentation for suspended or debarred is in the 2015-16 and 2016-17 School Lunch files.

  
(Signature)

  
(Title)



(Date)

CORRECTIVE ACTION PLAN

**FINDING 2017-001**

Contact Person Responsible for Corrective Action: Kristen Dunn, Corporation Treasurer  
Contact Phone Number: 765-482-6333

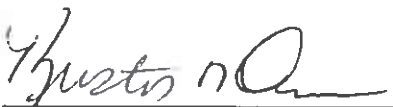
Views of Responsible Official: We concur with the finding, however, we have corrected this since the audit period concluded.

Description of Corrective Action Plan:

Receipts: In December 2017, the Administrative Secretary began logging in all receipts onto an excel spreadsheet and creating the deposit ticket. The Corporation Treasurer would review the receipts and deposit ticket before they were deposited into the bank. The Corporation Treasurer initials the excel spreadsheet after review. The Corporation Treasurer now emails the revenue report to all department heads on a monthly basis.

Payroll Related Disbursements: The Administrative Specialist would process the biweekly payroll which involves verifying the salary, wages, and distribution. In December 2017, the Corporation Treasurer began double checking the Payroll Distribution Report to verify the salary, wages and distribution. The Treasurer would checkmark and initial after completing the review.

Anticipated Completion Date: Completed in December 2017

  
\_\_\_\_\_  
(Signature)

*Corporation Treasurer*  
\_\_\_\_\_  
(Title)

10-22-18  
\_\_\_\_\_  
(Date)

**CORRECTIVE ACTION PLAN**

***FINDING 2017-002***

Contact Person Responsible for Corrective Action: Jane Taylor, Director of School Lunch and Kristen Dunn, Corporation Treasurer  
Contact Phone Number: 765-482-6333

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles:*

**Payroll Related Disbursements:** The Administrative Specialist would process the biweekly payroll which involves verifying the salary, wages, and distribution. In December 2017, the Corporation Treasurer began double checking the Payroll Distribution Report to verify the salary, wages and distribution. The Treasurer would checkmark and initial after completing the review.

*Reporting:*

The Director of School Lunch prepares the Annual Financial Report and the School Food Authority (SFA) Verification Collection Report. In October 2018, the School Lunch Assistant will begin verifying the reporting before submission.

*Special Tests and Provisions – Verification of Free and Reduced Price Meal Applications (NSLP):*

The Director of School Lunch will perform the verification of the application. In October 2018, the School Lunch Assistant will begin verifying the application before submission.

*Special Tests and Provisions – Paid Lunch Equity:*

The Director of School Lunch will perform the paid lunch equity calculations using the online calculator tool. In October 2018, the School Lunch Assistant will begin verifying the calculations before submission.

**Anticipated Completion Date:** Corrective action regarding Payroll Related Disbursements was completed in December 2017. The Reporting action will be completed in October 2018. The Special Tests and Provisions actions will be made in October 2018

  
\_\_\_\_\_  
(Signature)

*Corporation Treasurer*  
\_\_\_\_\_  
(Title)

*10-22-18*  
\_\_\_\_\_  
(Date)

**CORRECTIVE ACTION PLAN**

**FINDING 2017-003**

Contact Person Responsible for Corrective Action: Jane Taylor, Director of School Lunch and Kristen Dunn, Corporation Treasurer  
Contact Phone Number: 765-482-6333

Views of Responsible Official: We concur with the finding.

**Description of Corrective Action Plan:**

The Corporation will continue to have a company come in to perform an inventory audit every two years, and the equipment purchased made from the Child Nutrition Cluster is to be denoted as purchases from federal funds. The Director of School Lunch will provide to the Corporation Treasurer a listing of any major purchases every six months so that we can verify that all required purchases have been added to the asset report as federal purchases. Property records will contain all required information.

Anticipated Completion Date: Completed October 1, 2017

  
\_\_\_\_\_  
(Signature)

*Corporation Treasurer*  
\_\_\_\_\_  
(Title)

10.22.18  
\_\_\_\_\_  
(Date)

**CORRECTIVE ACTION PLAN**

***FINDING 2017-004***

Contact Person Responsible for Corrective Action: Jane Taylor, Director of School Lunch and Kristen  
Dunn, Corporation Treasurer  
Contact Phone Number: 765-482-6333

Views of Responsible Official: We concur with the finding.

**Description of Corrective Action Plan:**

Director of School Lunch will obtain 3 quotes for all small purchases of goods or services exceeding  
\$3,500. Our management will establish controls to ensure compliance and comply with the Procurement  
and Suspension and Debarment compliance requirement.

Anticipated Completion Date: October 2018

  
\_\_\_\_\_  
(Signature)

*Corporation Treasurer*  
\_\_\_\_\_  
(Title)

*10-22-18*  
\_\_\_\_\_  
(Date)

**CORRECTIVE ACTION PLAN**

**FINDING 2017-005**

Contact Person Responsible for Corrective Action: Jane Taylor, Director of School Lunch and Kristen  
Dunn, Corporation Treasurer  
Contact Phone Number: 765-482-6333

Views of Responsible Official: We concur with the finding.

**Description of Corrective Action Plan:**

In September 2017, a corrective plan was completed in order to establish a separate fund which holds all prepaid receipts. At the end of each month, the Director of School Lunch and the Corporation Treasurer reconcile the School Lunch Fund (800) and the Prepaid Fund (8400) in order to stay in compliance. An additional step we will add is to ensure total sales matches the Sales Report and the transfer amount will match this report as well.

Anticipated Completion Date: Separate funds were established in 2017. Issue regarding reconciling program income received in the School Lunch Fund will be corrected in October 2018.

  
\_\_\_\_\_  
(Signature)

*Corporation Treasurer*  
\_\_\_\_\_  
(Title)

*10-22-18*  
\_\_\_\_\_  
(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/>.