

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ELWOOD COMMUNITY SCHOOL CORPORATION
MADISON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
01/11/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Schedule of Payables and Receivables	35
Schedule of Leases and Debt	36
Schedule of Capital Assets.....	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	40-42
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	44-45
Notes to Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questioned Costs	47-81
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	84-87
Corrective Action Plan	88-102
Other Reports.....	103

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joa Griffith	07-01-14 to 12-31-18
Superintendent of Schools	Dr. Tim Smith Thomas Austin (interim) Dr. Christopher E. Daughtry Dr. Casey Smitherman	07-01-14 to 01-02-15 01-03-15 to 06-30-15 07-01-15 to 06-30-18 07-01-18 to 06-30-19
President of the School Board	Stephanie Hoel Robert Savage Stephanie Hoel Arnie Bell Robert Savage	07-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ELWOOD COMMUNITY SCHOOL
CORPORATION, MADISON COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 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

November 19, 2018



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

TO: THE OFFICIALS OF THE ELWOOD COMMUNITY SCHOOL
CORPORATION, MADISON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Elwood Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 19, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


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

Elwood 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

November 19, 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.

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

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 2,208,214	\$ 10,186,464	\$ 11,025,366	\$ 1,500	\$ 1,370,812	\$ 10,712,988	\$ 10,741,313	\$ -	\$ 1,342,487
Alternative Education	6,919	-	-	-	6,919	-	6,919	-	-
Debt Service	98,956	1,820,858	1,544,424	-	375,390	1,959,755	1,554,442	-	780,703
Retirement/Severance Bond Debt Service	16,465	269,730	224,085	-	62,110	276,933	220,313	-	118,730
Capital Projects	67,806	334,312	412,607	10,925	436	266,258	183,110	-	83,584
School Transportation	17,696	303,930	257,248	-	64,378	263,246	251,852	-	75,772
School Bus Replacement	3,726	76,191	19,588	(57,000)	3,329	60,322	-	-	63,651
Rainy Day	375,000	-	-	57,000	432,000	-	-	-	432,000
CSF Technology	-	-	-	-	-	-	87,900	-	(87,900)
School Lunch	403,280	940,036	1,102,835	-	240,481	1,015,110	1,098,672	-	156,919
Textbook Rental	419,181	122,538	52,155	-	489,564	101,385	107,042	-	483,907
Pre-School - Reichart Donation	-	26,200	-	-	26,200	137,762	135,167	-	28,795
ABC Early Learning Center "Y"	-	-	-	-	-	33,330	33,330	-	-
Early Learning Indiana	-	-	-	-	-	49,995	49,995	-	-
Educational License Plates	4,827	131	55	-	4,903	38	2,501	-	2,440
Alternative Education	12,832	8,214	5,563	-	15,483	9,654	19,729	-	5,408
Early Intervention Grant	-	-	-	-	-	6,000	-	-	6,000
Donations, Gifts, and Trusts	64,084	114,113	84,972	-	93,225	112,438	120,750	-	84,913
2001 Pre-School - Reichart Donated	-	28,800	-	-	28,800	57,600	36,203	-	50,197
Birdie Smith 4 Year Donation	-	12,000	-	-	12,000	12,000	11,534	-	12,466
Measured Progress High School	692	-	-	-	692	-	-	-	692
Dollar General Grant - Ees	-	-	-	-	-	3,850	3,850	-	-
Interlocal - Noblesville	(2,615)	2,615	-	-	-	-	516	-	(516)
Adult and Continuing Education 2009-10 / 2015-16	(45,314)	66,032	2,616	-	18,102	96,346	117,203	-	(2,755)
Adult and Continuing Education 2012-13	-	68,823	73,668	-	(4,845)	6,177	1,332	-	-
Hamilton County Community Corrections	(4,496)	4,722	226	-	-	5,568	11,353	-	(5,785)
Adult Basic Education / Other	-	6,722	11,636	-	(4,914)	3,325	258	-	(1,847)
Jobsource Grant	-	3,214	3,214	-	-	-	-	-	-
Adult/Continuing Ed/English	(3,895)	-	7,174	-	(11,069)	7,730	3,026	-	(6,365)
Recreational Activities	7,888	2,295	9,406	-	777	2,250	631	-	2,396
Scholarships and Awards	400	-	-	-	400	-	-	-	400
Safe Hiring Solutions Reimbursement / Miscellaneous Programs	(418)	1,296	828	-	50	561	611	-	-
Middle School Incentive Grant	1,489	-	499	-	990	-	990	-	-
Kindergarten Camp 2015	-	-	-	-	-	4,895	4,895	-	-
Hoosier Student Digital Leader	-	-	1,945	-	(1,945)	2,375	430	-	-
2012-13 High Ability	-	30,957	24,968	-	5,989	3,000	8,989	-	-
2013-14 State High Ability	18,971	-	18,971	-	-	31,577	1,979	-	29,598

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

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Secured Schools Safety Grant	-	49,997	49,997	-	-	10,000	15,581	-	(5,581)
Non-English Speaking Programs	-	-	-	-	-	6,683	5,715	-	968
LEP Consortium	1,693	-	-	-	1,693	-	1,693	-	-
School Technology	22,590	49,150	26,931	-	44,809	45,938	79,148	-	11,599
Performance Based Awards	-	-	-	-	-	11,524	11,524	-	-
Digital Learning Grant	-	-	-	-	-	-	2,256	-	(2,256)
Title I 2012-13	-	313,912	341,815	-	(27,903)	110,151	82,248	-	-
Title I 2013-14 / 2015-16	(57,711)	173,819	116,081	-	27	203,279	349,703	-	(146,397)
Title I 1003 School Improvement	-	1,450	1,450	-	-	16,654	18,154	-	(1,500)
Migrant Title I	-	109,862	122,806	-	(12,944)	64,017	51,073	-	-
Summer Migrant Program	(11,735)	211,823	211,256	-	(11,168)	183,600	172,432	-	-
Fall Migrant FY 2013-15	(8,030)	58,199	50,169	-	-	-	-	-	-
IDEA	-	-	142,476	-	(142,476)	308,801	283,689	-	(117,364)
PL 94-142 FY 11-12	-	-	-	-	-	-	134,685	-	(134,685)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(26,644)	290,420	263,776	-	-	-	-	-	-
Special Education TA	-	732	732	-	-	-	-	-	-
Preschool Handicap 2013-14 / 2015-16	(14,276)	29,607	15,331	-	-	-	14,355	-	(14,355)
Preschool 2012-13 / 2014-15	-	-	17,545	-	(17,545)	29,513	11,968	-	-
Adult Basic Education 2012-13	-	66,760	131,873	-	(65,113)	83,242	18,129	-	-
Adult Basic Education 2013-14	(53,526)	68,734	15,208	-	-	77,642	114,656	-	(37,014)
Adult Basic Education 2014-15	-	1,728	1,728	-	-	-	-	-	-
Adult Basic Education	6,988	-	-	-	6,988	-	-	-	6,988
Vocational and Technology Board Grants	-	-	-	-	-	-	34,246	-	(34,246)
Perkins Rural Grant	-	-	28,013	-	(28,013)	65,901	37,888	-	-
Perkins Basic Grant	-	-	-	-	-	52,368	64,637	-	(12,269)
Perkins Grant 2014-15	-	32,279	65,212	-	(32,933)	45,357	12,424	-	-
Perkins Grant 2013-14	(9,754)	21,717	11,963	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	(7,590)	36,449	28,859	-	-	-	-	-	-
ITQ, Enhanced Education Through Technology, Title II, Part D	-	55,567	66,777	-	(11,210)	26,579	15,369	-	-
Title II Part A Improving Teacher Quality	-	-	-	-	-	33,125	72,823	-	(39,698)
Payroll	36,609	2,597,146	2,616,284	-	17,471	2,505,960	2,511,115	-	12,316
Totals	<u>\$ 3,550,302</u>	<u>\$ 18,599,544</u>	<u>\$ 19,210,331</u>	<u>\$ 12,425</u>	<u>\$ 2,951,940</u>	<u>\$ 19,122,802</u>	<u>\$ 18,932,346</u>	<u>\$ -</u>	<u>\$ 3,142,396</u>

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

ELWOOD 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.

ELWOOD 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.

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

ELWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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.

ELWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

ELWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

C. Additional Pension Plans

The School Corporation also contributes to additional pension plans unique to the School Corporation such as a 401a with Met Life and a VEBA with Security Benefit, both at .5 percent each pay. Information regarding these plans 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 funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

ELWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The School Corporation has entered into a capital lease with Elwood Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$182,500 and \$221,000, respectively.

Note 9. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees the following benefits: contributions of up to \$2,000 into a voluntary employee beneficiary association (VEBA) account for certified retirees under the age of 65. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

Note 10. *Combined Funds*

Funds related to Payroll Withholdings were reported as one fund for the current financial statement.

Note 11. *Subsequent Events*

The School Corporation entered into an Energy Savings Contract on October 10, 2017, for the implementation of conservation measures including an integrated micro grid, solar panels, and related equipment. Repayment of the \$6,030,000 in debt principal will begin July 15, 2018.

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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.

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

	General	Alternative Education	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	CSF Technology	School Lunch
Cash and investments - beginning	\$ 2,208,214	\$ 6,919	\$ 98,956	\$ 16,465	\$ 67,806	\$ 17,696	\$ 3,726	\$ 375,000	\$ -	\$ 403,280
Receipts:										
Local sources	229,595	-	1,820,858	269,730	334,312	303,930	76,191	-	-	242,990
Intermediate sources	220	-	-	-	-	-	-	-	-	-
State sources	9,956,649	-	-	-	-	-	-	-	-	4,813
Federal sources	-	-	-	-	-	-	-	-	-	692,233
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	10,186,464	-	1,820,858	269,730	334,312	303,930	76,191	-	-	940,036
Disbursements:										
Instruction	6,563,697	-	-	-	-	-	-	-	-	-
Support services	4,338,914	-	-	-	253,697	257,248	-	-	-	26,114
Noninstructional services	102,732	-	-	-	-	-	-	-	-	1,075,485
Facilities acquisition and construction	20,023	-	-	-	158,910	-	-	-	-	1,236
Debt service	-	-	1,544,424	224,085	-	-	19,588	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,025,366	-	1,544,424	224,085	412,607	257,248	19,588	-	-	1,102,835
Excess (deficiency) of receipts over disbursements	(838,902)	-	276,434	45,645	(78,295)	46,682	56,603	-	-	(162,799)
Other financing sources (uses):										
Proceeds of long-term debt	1,500	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	10,925	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	57,000	-	-
Transfers out	-	-	-	-	-	-	(57,000)	-	-	-
Total other financing sources (uses)	1,500	-	-	-	10,925	-	(57,000)	57,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(837,402)	-	276,434	45,645	(67,370)	46,682	(397)	57,000	-	(162,799)
Cash and investments - ending	\$ 1,370,812	\$ 6,919	\$ 375,390	\$ 62,110	\$ 436	\$ 64,378	\$ 3,329	\$ 432,000	\$ -	\$ 240,481

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

	Textbook Rental	Pre-School - Reichart Donation	ABC Early Learning Center "Y"	Early Learning Indiana	Educational License Plates	Alternative Education	Early Intervention Grant	Donations, Gifts, and Trusts	2001 Pre-School - Reichart Donated	Birdie Smith 4 Year Donation
Cash and investments - beginning	\$ 419,181	\$ -	\$ -	\$ -	\$ 4,827	\$ 12,832	\$ -	\$ 64,084	\$ -	\$ -
Receipts:										
Local sources	40,339	26,200	-	-	-	-	-	114,113	28,800	12,000
Intermediate sources	-	-	-	-	131	-	-	-	-	-
State sources	82,199	-	-	-	-	8,214	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	122,538	26,200	-	-	131	8,214	-	114,113	28,800	12,000
Disbursements:										
Instruction	-	-	-	-	-	5,563	-	36,511	-	-
Support services	52,155	-	-	-	55	-	-	18,644	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	29,817	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	52,155	-	-	-	55	5,563	-	84,972	-	-
Excess (deficiency) of receipts over disbursements	70,383	26,200	-	-	76	2,651	-	29,141	28,800	12,000
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	70,383	26,200	-	-	76	2,651	-	29,141	28,800	12,000
Cash and investments - ending	\$ 489,564	\$ 26,200	\$ -	\$ -	\$ 4,903	\$ 15,483	\$ -	\$ 93,225	\$ 28,800	\$ 12,000

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

	Measured Progress High School	Dollar General Grant - Ees	Interlocal - Noblesville	Adult and Continuing Education 2009-10 / 2015-16	Adult and Continuing Education 2012-13	Hamilton County Community Corrections	Adult Basic Education / Other	Jobsource Grant	Adult/ Continuing Ed/ English	Recreational Activities
Cash and investments - beginning	\$ 692	\$ -	\$ (2,615)	\$ (45,314)	\$ -	\$ (4,496)	\$ -	\$ -	\$ (3,895)	\$ 7,888
Receipts:										
Local sources	-	-	2,615	-	-	-	-	-	-	2,295
Intermediate sources	-	-	-	-	-	-	-	3,214	-	-
State sources	-	-	-	66,032	68,823	4,722	6,722	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,615	66,032	68,823	4,722	6,722	3,214	-	2,295
Disbursements:										
Instruction	-	-	-	(738)	59,458	10	8,012	41	7,174	-
Support services	-	-	-	3,354	14,210	216	3,624	3,173	-	9,406
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	2,616	73,668	226	11,636	3,214	7,174	9,406
Excess (deficiency) of receipts over disbursements	-	-	2,615	63,416	(4,845)	4,496	(4,914)	-	(7,174)	(7,111)
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	-	-	2,615	63,416	(4,845)	4,496	(4,914)	-	(7,174)	(7,111)
Cash and investments - ending	\$ 692	\$ -	\$ -	\$ 18,102	\$ (4,845)	\$ -	\$ (4,914)	\$ -	\$ (11,069)	\$ 777

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

	Scholarships and Awards	Safe Hiring Solutions Reimbursement / Miscellaneous Programs	Middle School Incentive Grant	Kindergarten Camp 2015	Hoosier Student Digital Leader	2012-13 High Ability	2013-14 State High Ability	Secured Schools Safety Grant	Non-English Speaking Programs	LEP Consortium
Cash and investments - beginning	\$ 400	\$ (418)	\$ 1,489	\$ -	\$ -	\$ -	\$ 18,971	\$ -	\$ -	\$ 1,693
Receipts:										
Local sources	-	1,296	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	30,957	-	49,997	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	1,296	-	-	-	30,957	-	49,997	-	-
Disbursements:										
Instruction	-	-	-	-	-	24,968	18,971	-	-	-
Support services	-	-	499	-	1,945	-	-	20,000	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	828	-	-	-	-	-	29,997	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	828	499	-	1,945	24,968	18,971	49,997	-	-
Excess (deficiency) of receipts over disbursements	-	468	(499)	-	(1,945)	5,989	(18,971)	-	-	-
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	-	468	(499)	-	(1,945)	5,989	(18,971)	-	-	-
Cash and investments - ending	\$ 400	\$ 50	\$ 990	\$ -	\$ (1,945)	\$ 5,989	\$ -	\$ -	\$ -	\$ 1,693

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

	School Technology	Performance Based Awards	Digital Learning Grant	Title I 2012-13	Title I 2013-14 / 2015-16	Title I 1003 School Improvement	Migrant Title I	Summer Migrant Program	Fall Migrant FY 2013-15	IDEA
Cash and investments - beginning	\$ 22,590	\$ -	\$ -	\$ -	\$ (57,711)	\$ -	\$ -	\$ (11,735)	\$ (8,030)	\$ -
Receipts:										
Local sources	46,003	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	3,147	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	313,912	173,819	1,450	109,862	211,823	58,199	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	49,150	-	-	313,912	173,819	1,450	109,862	211,823	58,199	-
Disbursements:										
Instruction	-	-	-	190,331	40,247	-	96,733	125,842	50,048	118,909
Support services	26,931	-	-	150,342	54,808	1,450	25,886	85,414	26	23,567
Noninstructional services	-	-	-	1,142	21,026	-	187	-	95	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	26,931	-	-	341,815	116,081	1,450	122,806	211,256	50,169	142,476
Excess (deficiency) of receipts over disbursements	22,219	-	-	(27,903)	57,738	-	(12,944)	567	8,030	(142,476)
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	22,219	-	-	(27,903)	57,738	-	(12,944)	567	8,030	(142,476)
Cash and investments - ending	\$ 44,809	\$ -	\$ -	\$ (27,903)	\$ 27	\$ -	\$ (12,944)	\$ (11,168)	\$ -	\$ (142,476)

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

	PL 94-142 FY 11-12	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education TA	Preschool Handicap 2013-14 / 2015-16	Preschool 2012-13 / 2014-15	Adult Basic Education 2012-13	Adult Basic Education 2013-14	Adult Basic Education 2014-15	Adult Basic Education	Vocational and Technology Board Grants
Cash and investments - beginning	\$ -	\$ (26,644)	\$ -	\$ (14,276)	\$ -	\$ -	\$ (53,526)	\$ -	\$ 6,988	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	290,420	732	29,607	-	66,760	68,734	1,728	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	290,420	732	29,607	-	66,760	68,734	1,728	-	-
Disbursements:										
Instruction	-	226,386	-	15,331	15,052	120,335	14,172	-	-	-
Support services	-	37,390	732	-	2,493	11,538	1,036	1,728	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	263,776	732	15,331	17,545	131,873	15,208	1,728	-	-
Excess (deficiency) of receipts over disbursements	-	26,644	-	14,276	(17,545)	(65,113)	53,526	-	-	-
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	-	26,644	-	14,276	(17,545)	(65,113)	53,526	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (17,545)	\$ (65,113)	\$ -	\$ -	\$ 6,988	\$ -

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

	Perkins Rural Grant	Perkins Basic Grant	Perkins Grant 2014-15	Perkins Grant 2013-14	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Title II Part A Improving Teacher Quality	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (9,754)	\$ (7,590)	\$ -	\$ -	\$ 36,609	\$ 3,550,302
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,551,267
Intermediate sources	-	-	-	-	-	-	-	-	3,565
State sources	-	-	-	-	-	-	-	-	10,282,275
Federal sources	-	-	32,279	21,717	36,449	55,567	-	-	2,165,291
Other receipts	-	-	-	-	-	-	-	2,597,146	2,597,146
Total receipts	-	-	32,279	21,717	36,449	55,567	-	2,597,146	18,599,544
Disbursements:									
Instruction	26,992	-	20,489	11,785	-	-	-	-	7,796,319
Support services	1,021	-	44,723	178	28,859	66,777	-	-	5,568,153
Noninstructional services	-	-	-	-	-	-	-	-	1,200,667
Facilities acquisition and construction	-	-	-	-	-	-	-	-	240,811
Debt service	-	-	-	-	-	-	-	-	1,788,097
Nonprogrammed charges	-	-	-	-	-	-	-	2,616,284	2,616,284
Total disbursements	28,013	-	65,212	11,963	28,859	66,777	-	2,616,284	19,210,331
Excess (deficiency) of receipts over disbursements	(28,013)	-	(32,933)	9,754	7,590	(11,210)	-	(19,138)	(610,787)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,500
Sale of capital assets	-	-	-	-	-	-	-	-	10,925
Transfers in	-	-	-	-	-	-	-	-	57,000
Transfers out	-	-	-	-	-	-	-	-	(57,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	12,425
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,013)	-	(32,933)	9,754	7,590	(11,210)	-	(19,138)	(598,362)
Cash and investments - ending	\$ (28,013)	\$ -	\$ (32,933)	\$ -	\$ -	\$ (11,210)	\$ -	\$ 17,471	\$ 2,951,940

ELWOOD 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	Alternative Education	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	CSF Technology	School Lunch
Cash and investments - beginning	\$ 1,370,812	\$ 6,919	\$ 375,390	\$ 62,110	\$ 436	\$ 64,378	\$ 3,329	\$ 432,000	\$ -	\$ 240,481
Receipts:										
Local sources	354,554	-	1,959,755	276,933	266,258	263,246	60,322	-	-	247,095
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	10,358,434	-	-	-	-	-	-	-	-	4,992
Federal sources	-	-	-	-	-	-	-	-	-	763,023
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	10,712,988	-	1,959,755	276,933	266,258	263,246	60,322	-	-	1,015,110
Disbursements:										
Instruction	6,255,578	-	-	-	-	-	-	-	-	-
Support services	4,382,339	6,919	-	-	128,437	251,852	-	-	87,900	11,161
Noninstructional services	100,164	-	-	-	-	-	-	-	-	1,087,251
Facilities acquisition and construction	3,232	-	-	-	54,673	-	-	-	-	260
Debt service	-	-	1,554,442	220,313	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,741,313	6,919	1,554,442	220,313	183,110	251,852	-	-	87,900	1,098,672
Excess (deficiency) of receipts over disbursements	(28,325)	(6,919)	405,313	56,620	83,148	11,394	60,322	-	(87,900)	(83,562)
Cash and investments - ending	\$ 1,342,487	\$ -	\$ 780,703	\$ 118,730	\$ 83,584	\$ 75,772	\$ 63,651	\$ 432,000	\$ (87,900)	\$ 156,919

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

	Textbook Rental	Pre-School - Reichart Donation	ABC Early Learning Center "Y"	Early Learning Indiana	Educational License Plates	Alternative Education	Early Intervention Grant	Donations, Gifts, and Trusts	2001 Pre-School - Reichart Donated	Birdie Smith 4 Year Donation
Cash and investments - beginning	\$ 489,564	\$ 26,200	\$ -	\$ -	\$ 4,903	\$ 15,483	\$ -	\$ 93,225	\$ 28,800	\$ 12,000
Receipts:										
Local sources	98,909	137,762	33,330	-	-	-	-	112,438	28,800	12,000
Intermediate sources	-	-	-	-	38	-	-	-	-	-
State sources	2,476	-	-	49,995	-	9,654	6,000	-	28,800	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	101,385	137,762	33,330	49,995	38	9,654	6,000	112,438	57,600	12,000
Disbursements:										
Instruction	4,910	134,474	33,216	49,995	-	12,674	-	40,974	32,334	11,534
Support services	102,132	693	114	-	2,501	7,055	-	37,055	3,869	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	42,721	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	107,042	135,167	33,330	49,995	2,501	19,729	-	120,750	36,203	11,534
Excess (deficiency) of receipts over disbursements	(5,657)	2,595	-	-	(2,463)	(10,075)	6,000	(8,312)	21,397	466
Cash and investments - ending	\$ 483,907	\$ 28,795	\$ -	\$ -	\$ 2,440	\$ 5,408	\$ 6,000	\$ 84,913	\$ 50,197	\$ 12,466

ELWOOD 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

	Measured Progress High School	Dollar General Grant - Ees	Interlocal - Noblesville	Adult and Continuing Education 2009-10 / 2015-16	Adult and Continuing Education 2012-13	Hamilton County Community Corrections	Adult Basic Education / Other	Jobsource Grant	Adult/ Continuing Ed/ English	Recreational Activities
Cash and investments - beginning	\$ 692	\$ -	\$ -	\$ 18,102	\$ (4,845)	\$ -	\$ (4,914)	\$ -	\$ (11,069)	\$ 777
Receipts:										
Local sources	-	3,850	-	-	-	-	-	-	7,730	2,250
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	96,346	6,177	5,568	3,325	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	3,850	-	96,346	6,177	5,568	3,325	-	7,730	2,250
Disbursements:										
Instruction	-	3,850	516	79,500	1,536	9,430	258	-	3,026	-
Support services	-	-	-	37,703	(204)	1,923	-	-	-	631
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,850	516	117,203	1,332	11,353	258	-	3,026	631
Excess (deficiency) of receipts over disbursements	-	-	(516)	(20,857)	4,845	(5,785)	3,067	-	4,704	1,619
Cash and investments - ending	\$ 692	\$ -	\$ (516)	\$ (2,755)	\$ -	\$ (5,785)	\$ (1,847)	\$ -	\$ (6,365)	\$ 2,396

ELWOOD 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

	Scholarships and Awards	Safe Hiring Solutions Reimbursement / Miscellaneous Programs	Middle School Incentive Grant	Kindergarten Camp 2015	Hoosier Student Digital Leader	2012-13 High Ability	2013-14 State High Ability	Secured Schools Safety Grant	Non-English Speaking Programs	LEP Consortium
Cash and investments - beginning	\$ 400	\$ 50	\$ 990	\$ -	\$ (1,945)	\$ 5,989	\$ -	\$ -	\$ -	\$ 1,693
Receipts:										
Local sources	-	561	-	4,895	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	2,375	3,000	31,577	10,000	6,683	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	561	-	4,895	2,375	3,000	31,577	10,000	6,683	-
Disbursements:										
Instruction	-	-	-	4,088	-	3,570	1,979	5,581	5,645	1,693
Support services	-	-	990	807	430	5,419	-	10,000	70	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	611	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	611	990	4,895	430	8,989	1,979	15,581	5,715	1,693
Excess (deficiency) of receipts over disbursements	-	(50)	(990)	-	1,945	(5,989)	29,598	(5,581)	968	(1,693)
Cash and investments - ending	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,598	\$ (5,581)	\$ 968	\$ -

ELWOOD 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

	School Technology	Performance Based Awards	Digital Learning Grant	Title I 2012-13	Title I 2013-14 / 2015-16	Title I 1003 School Improvement	Migrant Title I	Summer Migrant Program	Fall Migrant FY 2013-15	IDEA
Cash and investments - beginning	\$ 44,809	\$ -	\$ -	\$ (27,903)	\$ 27	\$ -	\$ (12,944)	\$ (11,168)	\$ -	\$ (142,476)
Receipts:										
Local sources	41,534	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	4,404	11,524	-	-	-	-	-	-	-	-
Federal sources	-	-	-	110,151	203,279	16,654	64,017	98,858	-	308,801
Other receipts	-	-	-	-	-	-	-	84,742	-	-
Total receipts	45,938	11,524	-	110,151	203,279	16,654	64,017	183,600	-	308,801
Disbursements:										
Instruction	-	11,524	-	48,326	163,428	-	40,806	105,536	-	242,924
Support services	79,148	-	2,256	32,457	184,632	18,154	10,267	66,644	-	40,765
Noninstructional services	-	-	-	1,465	1,643	-	-	252	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	79,148	11,524	2,256	82,248	349,703	18,154	51,073	172,432	-	283,689
Excess (deficiency) of receipts over disbursements	(33,210)	-	(2,256)	27,903	(146,424)	(1,500)	12,944	11,168	-	25,112
Cash and investments - ending	\$ 11,599	\$ -	\$ (2,256)	\$ -	\$ (146,397)	\$ (1,500)	\$ -	\$ -	\$ -	\$ (117,364)

ELWOOD 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

	PL 94-142 FY 11-12	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Education TA	Preschool Handicap 2013-14 / 2015-16	Preschool 2012-13 / 2014-15	Adult Basic Education 2012-13	Adult Basic Education 2013-14	Adult Basic Education 2014-15	Adult Basic Education	Vocational and Technology Board Grants
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (17,545)	\$ (65,113)	\$ -	\$ -	\$ 6,988	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	29,513	83,242	77,642	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	29,513	83,242	77,642	-	-	-
Disbursements:										
Instruction	120,043	-	-	14,355	11,511	8,081	97,314	-	-	31,096
Support services	14,642	-	-	-	457	10,048	17,342	-	-	3,150
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	134,685	-	-	14,355	11,968	18,129	114,656	-	-	34,246
Excess (deficiency) of receipts over disbursements	(134,685)	-	-	(14,355)	17,545	65,113	(37,014)	-	-	(34,246)
Cash and investments - ending	\$ (134,685)	\$ -	\$ -	\$ (14,355)	\$ -	\$ -	\$ (37,014)	\$ -	\$ 6,988	\$ (34,246)

ELWOOD 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

	Perkins Rural Grant	Perkins Basic Grant	Perkins Grant 2014-15	Perkins Grant 2013-14	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Title II Part A Improving Teacher Quality	Payroll	Totals
Cash and investments - beginning	\$ (28,013)	\$ -	\$ (32,933)	\$ -	\$ -	\$ (11,210)	\$ -	\$ 17,471	\$ 2,951,940
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,912,222
Intermediate sources	-	-	-	-	-	-	-	-	38
State sources	-	-	-	-	-	-	-	-	10,641,330
Federal sources	65,901	52,368	45,357	-	-	26,579	33,125	-	1,978,510
Other receipts	-	-	-	-	-	-	-	2,505,960	2,590,702
Total receipts	65,901	52,368	45,357	-	-	26,579	33,125	2,505,960	19,122,802
Disbursements:									
Instruction	37,888	27,137	11,974	-	-	-	-	-	7,668,304
Support services	-	37,500	450	-	-	15,369	72,823	-	5,685,900
Noninstructional services	-	-	-	-	-	-	-	-	1,190,775
Facilities acquisition and construction	-	-	-	-	-	-	-	-	101,497
Debt service	-	-	-	-	-	-	-	-	1,774,755
Nonprogrammed charges	-	-	-	-	-	-	-	2,511,115	2,511,115
Total disbursements	37,888	64,637	12,424	-	-	15,369	72,823	2,511,115	18,932,346
Excess (deficiency) of receipts over disbursements	28,013	(12,269)	32,933	-	-	11,210	(39,698)	(5,155)	190,456
Cash and investments - ending	\$ -	\$ (12,269)	\$ -	\$ -	\$ -	\$ -	\$ (39,698)	\$ 12,316	\$ 3,142,396

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ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 143,018</u>	<u>\$ 459,900</u>

ELWOOD COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Elwood Middle School Building Corporation	Middle School Roof & Technology	<u>\$ 269,000</u>	06/30/2014	06/30/2021

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 695,000	\$ 109,154
Common School Fund Loan	Technology	15,960	6,528
Common School Fund Loan	Oakland Elementary Renovation	2,850,000	466,688
Common School Fund Loan	Edgewood Elementary Renovation	2,765,136	452,791
Common School Fund Loan	Elwood High School HVAC	<u>4,045,237</u>	<u>344,740</u>
Totals		<u>\$ 10,371,333</u>	<u>\$ 1,379,901</u>

ELWOOD COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 10
Infrastructure	407,702
Buildings	32,975,725
Improvements other than buildings	452,288
Machinery, equipment, and vehicles	<u>2,975,228</u>
Total capital assets	<u>\$ 36,810,953</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE ELWOOD COMMUNITY SCHOOL
CORPORATION, MADISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

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

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

As described in items 2016-003 and 2016-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Child Nutrition Cluster. 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 related to Allowable Costs/Cost Principles, and the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient audit evidence regarding the School Corporation's compliance with the Eligibility requirements, as 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 the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

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

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

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-006, 2016-007, 2016-008, 2016-009, 2016-013, 2016-014, and 2016-015. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal

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


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, 2016-011, 2016-012, 2016-013, 2016-014, and 2016-015 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

November 19, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 2014-2015	\$ -	\$ 175,483	\$ -	\$ -
			FY 2015-2016	-	-	-	197,321
Total - School Breakfast Program				-	175,483	-	197,321
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
School Lunch			FY 2014-2015	-	495,320	-	-
School Snacks			FY 2015-2016	-	-	-	533,695
Commodities			FY 2014-2015	-	58,267	-	-
Commodities			FY 2015-2016	-	-	-	55,547
Total - National School Lunch Program				-	553,587	-	600,563
Summer Food Service Program for Children							
	Indiana Department of Education	10.559					
			FY 2014-2015	-	21,430	-	-
			FY 2015-2016	-	-	-	20,686
Total - Summer Food Service Program for Children				-	21,430	-	20,686
Total - Child Nutrition Cluster				-	750,500	-	818,570
Total - Department of Agriculture				-	750,500	-	818,570
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
			14214-095-PN01	-	290,421	-	-
			99914-095-TA01	-	732	-	-
			14215-095-PN01	-	-	-	308,801
Total - Special Education_Grants to States				-	291,153	-	308,801
Special Education_Preschool Grants							
	Indiana Department of Education	84.173					
			45714-095-PN01	-	29,607	-	-
			45715-095-PN01	-	-	-	29,514
Total - Special Education_Preschool Grants				-	29,607	-	29,514
Total - Special Education Cluster (IDEA)				-	320,760	-	338,315
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010					
			ESEA 14-5280	-	173,819	-	-
			ESEA 15-5280	-	313,912	-	110,151
			2015 SIG	-	1,450	-	16,654
			ESEA 16-5280	-	-	-	203,279
Total - Title I Grants to Local Educational Agencies				-	489,181	-	330,084

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Adult Education - Basic Grants to States	Indiana Department Workforce Development	84.002	AE-5-60	-	-	-	77,642
			C1-4-AE-3-60	-	68,734	-	-
			C1-5-AE-4-60	-	68,489	-	83,239
Total - Adult Education - Basic Grants to States				-	137,223	-	160,881
Migrant Education State Grant Program	Indiana Department of Education	84.011	38212-017-PN01	-	211,823	-	-
			38213-006-PN01	-	58,198	-	-
	Alexandria Community School Corporation		38214-001-PN02	-	109,862	-	162,873
			38214-010-PN01	-	-	-	84,742
Total - Migrant Education State Grant Program				-	379,883	-	247,615
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	13-4700-5280	-	21,716	-	-
			14-4700-5280	-	32,279	-	45,356
			16-4700-5280	-	-	-	52,368
			A58-6-16CI-3319	-	-	-	65,900
Total - Career and Technical Education - Basic Grants to States				-	53,995	-	163,624
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	FFY 2012	-	36,448	-	-
			FFY 2013	-	55,567	-	-
			FFY 2014	-	-	-	33,125
			FFY 2015	-	-	-	26,578
Total - Supporting Effective Instruction State Grants				-	92,015	-	59,703
Total - Department of Education				-	1,473,057	-	1,300,222
<u>Social Security Administration</u>							
Social Security Disability Insurance	Social Security Administration	96.001	FY 14	-	14	-	-
			FY 15	-	126	-	70
			FY 16	-	-	-	126
Total - Social Security Disability Insurance				-	140	-	196
Total - Social Security Administration				-	140	-	196
Total federal awards expended				\$ -	\$ 2,223,697	\$ -	\$ 2,118,988

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

ELWOOD COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified - Child Nutrition Cluster, Title I Grants to Local Educational Agencies
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2016-001

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

Repeat Finding

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

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

Context

Due to the lack of effective controls, the SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$40,432 and overstated by \$124,454 for the years ended June 30, 2015 and 2016, respectively. Included in the Child Nutrition Cluster understatement and overstatement was the omission of the National School Lunch Program Commodities for both periods and a data entry error resulting in an \$180,000 overstatement of the Summer Food Service Program for Children for the year ended June 30, 2016.
2. The Title I Grants to Local Educational Agencies expenditures were understated by \$1,450 and \$16,654 for the years ended June 30, 2015 and 2016, respectively. The Title I Grants to Local Educational Agencies expenditures of \$16,654 for the year ended June 30, 2016, were incorrectly classified as Career and Technical Education - Grants to Native Americans and Alaska Natives.
3. The Social Security Disability Insurance expenditures of \$140 and \$196 were omitted for the years ended June 30, 2015, and June 30, 2016, respectively.
4. Not all CFDA numbers, program names, grants, and identifying numbers were correct or listed.

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

Criteria

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

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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

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

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

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

Cause

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-002.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting as follows:

1. The School Corporation did not issue receipts at the time of collections. Instead, collections were documented on a log until a later day when all accumulated collections were receipted in at one time. If a payer requested a receipt at time of payment, a separate generic receipt book was used.
2. Some funds presented on the School Corporation ledgers were combined when presented on the Biannual Financial Report (Form 9).
3. Fund reports originally provided for audit were determined to not be the final and complete version. One capability which contributed to this, was that printout dates could be overridden and backdated.

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:

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish a system of internal controls 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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-2015, FY 2015-2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Condition

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

There were no controls to ensure that utility expenses charged to the programs complied with the allowable cost principles that all federal programs be handled consistently when applying indirect costs. The food service programs were charged a set amount of \$21,000 for utilities in fiscal years 2014-2015 and 2015-2016. The indirect cost amounts were not determined using the Indirect Cost Unrestricted Rate. The School Corporation arbitrarily determined a flat rate and allocated the amount among all of the school buildings. The indirect costs for utilities that were not charged consistently and were not properly documented are considered questioned costs.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

b. Be allocable to Federal awards under the provisions of this Circular. . . .

e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit. . . .

j. Be adequately documented. . . ."

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

"1. General.

(a) Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate accomplished through simplified allocation procedures as described in subsection 2. . . .

2. Simplified method. . . .

(b) Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable. . . ."

2 CFR 200.414(d) states: "Pass-through entities are subject to the requirements in § 200.331 Requirements for pass-through entities, paragraph (a)(4)."

2 CFR 200.331 states in part:

"All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification. . . .

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs). . . .

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (f); . . ."

2 CFR 200.403 states in part:

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

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. . . .

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. . . .

(g) Be adequately documented. . . ."

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of funds to the School Corporation.

Questioned Costs

Questioned costs of \$42,000 were identified, as described in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2016-004

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-2015, FY 2015-2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Condition

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

Effective controls were not in place to ensure that only applicable employees were paid from program funds. Employees who worked on multiple activities or cost objects during both school years did not maintain personnel activity reports or other documentation of time allocated to the program. Total payroll disbursements paid from the School Lunch fund for split-funded employees amounted to \$6,907 for fiscal year 2014-2015 and \$8,733 for fiscal year 2015-2016.

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

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

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

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

d. Be allocable to Federal awards under the provisions of this Circular. . . .

j. Be adequately documented. . . ."

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

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

(a) More than one Federal award,

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.403 states in part:

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

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

2 CFR 200.430(i) states in part:

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

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of funds to the School Corporation.

Questioned Costs

Questioned costs of \$15,640 were identified, as described in the *Condition*.

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-2015, FY 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the proper eligibility determinations were made for students prior to providing benefits. Eligibility determinations were made by the Food Service Director, but there was no evidence to support a review of those determinations.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that they complied with the eligibility requirements regarding the notification to households eligibility criteria. They were not able to provide evidence that parents/guardians were notified of their children's eligibility for benefits.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility requirement.

Criteria

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.42 states in part:

"(a) *Applicability.*

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

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

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

(b) *Length of retention period.*

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

2 CFR 200.333 states in part:

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

Cause

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

Effect

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-006

Subject: Child Nutrition Cluster - Equipment

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-2015, FY 2015-2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the 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 it perform a physical inventory of equipment.

The School Corporation did not comply with the equipment requirements. The School Corporation and the Food Service Department each kept a separate list of equipment acquired with federal awards. However, both lists lacked required details such as the source of funding, title details, acquisition date and cost, location, disposition data including date of disposal, and sales price, among other details. A disposal of equipment tested could not be verified to either Capital Asset Listing because there was not enough detail in the generic description on the provided sale documentation.

Context

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.32(d) states in part:

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

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

2 CFR 200.313(d) states in part:

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the equipment requirements. Noncompliance with the grant agreement and the equipment requirements could have resulted in the loss of 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 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.

FINDING 2016-007

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-2015, FY 2015-2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

ELWOOD 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 procurement requirements.

The School Corporation's purchasing policy was not updated to include all the procurement standards as outlined in 2 CFR 200.318 and 2 CFR 200.320.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance applied to the 2015-2016 school year.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Cause

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 placed the School Corporation in non-compliance with the grant agreement and the procurement requirements. Noncompliance with the grant agreement and the procurement requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-008

Subject: School Breakfast Program, National School Lunch Program - 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 2014-2015, FY 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Other Matters

Condition

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

There were no controls in place to ensure that program income was properly recorded. The School Corporation established a single fund, the School Lunch fund, to record all activity of the food service programs. All receipts from sales, as well as prepayments to student accounts, were recorded directly in the School Lunch fund. Prepayments were receipted into the School Lunch fund as revenue in one account, and later moved from that account into a separate account within the same fund when meals were consumed; a separate prepaid fund was not established.

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). . . ."

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 throughout the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

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

2 CFR 200.302(a) states in part:

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

2 CFR 200.302(b)(3) states:

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

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 transfer 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 Bulletin and Uniform Compliance Guidelines, September 2008)

Cause

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Program Income compliance requirement. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of 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 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.

FINDING 2016-009

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-2015, FY 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. There were no controls to ensure the accuracy of the required reports before submission.

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

The monthly claims for reimbursement had errors in the amounts claimed for reimbursement.

The 2014-2015 verification report could not be traced to supporting documentation. Documentation presented did not support the total number of free and reduced applications that was reported.

Context

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.20(b) states in part:

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

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

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by documentation. . . ."

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Reporting compliance requirement. Noncompliance with the grant agreement and the reporting requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-010

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014-2015, FY 2015-2016

Pass-Through Entity: Indiana Department of Education

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

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

One employee was primarily responsible for verifying free and reduced price applications. An oversight or review process, or other compensating control, had not been established to ensure the proper number of applications were verified for accuracy.

Context

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

ELWOOD 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

Management had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-011

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

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): ESEA 14-5280, ESEA 15-5280,
2015 SIG, ESEA 16-5280

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Period of Performance, Special Tests and Provisions -
Annual Report Card, High School Graduation Rate

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 Cash Management, Period of Performance, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

Cash Management

There were no controls to ensure that expenditures were made before reimbursement was requested. Not all reimbursement requests included signatures of the preparer and the approver.

Period of Performance

There were no controls to ensure that expenditures were made within the period of performance. Not all reimbursement requests included signatures of the preparer and the approver.

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

There were no controls to ensure that the mobility information was accurate and reviewed prior to the students being removed.

Context

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

Criteria

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management 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 program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management, Period of Performance, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

Views of Responsible Officials

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

FINDING 2016-012

Subject: Title I Grants to Local Educational Agencies - Activities
Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): ESEA 14-5280, ESEA 15-5280,
2015 SIG, ESEA 16-5280

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Modified Opinion

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. There were no controls to ensure that program expenditures were for allowable activities or allowable costs. Not all reimbursement requests included signatures of the preparer and the approver.

An approved contract for a bus driver was not documented in the minutes of the School Board. The amount paid to the bus driver without an approved contract is considered a questioned cost.

In addition, the Title I Director completed a Time and Effort Log monthly. However, for one pay period tested, the Title I Director's salary was paid 35 percent from Title I funds. The respective Time and Effort log documented that only 31.25 percent of the Director's time was applicable to the Title I program.

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). . . ."

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

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

2 CFR 200.403 states in part:

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

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

2 CFR 200.430(i) states in part:

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 74.22 states in part:

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

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

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

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above.

Effect

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

Questioned Costs

Questioned costs of \$35,316 were identified as detailed in the *Condition*.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-013

Subject: Title I Grants to Local Educational Agencies - Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): ESEA 14-5280, ESEA 15-5280,
2015 SIG, ESEA 16-5280

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Other Matters

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

The 2014-2015 school year Title I grant application was prepared by the Title I Director and signed by the Title I Director in the certification box where the Superintendent of Schools should have signed as certifier. Therefore, there was no evidence of control over the 2014-2015 Title I grant application. The 2015-2016 school year Title I original grant application was prepared by the Title I Director and was electronically signed as certified by the Superintendent of Schools. However, amendments to the grant application were made with the Title I Director's name in the certification box where the Superintendent of School's name should have appeared.

Comparison of the Public Enrollment Summary Report from the 2013-2014 school year to the Eligible School Summary on the 2014-2015 Title I grant application showed that the numbers reported were significantly different. For example, the High School Public Enrollment Summary Report listed 455 students, but the Eligible School Summary listed 676 students.

Comparison showed that the number of the Free/Reduced participants reported on the 2014-2015 Child Nutrition grant application differed significantly from the Public Poverty figures included on the Eligible Schools Summary, which was part of the 2014-2015 Title I grant application. For example, the high school number of Free/Reduced participants was listed as 239 on the 2014-2015 Child Nutrition grant application and 399 on the Eligible Schools Summary.

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). . . ."

34 CFR 76.700 states: "A State and a subgrantee shall comply with the State plan and applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications."

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 200.78(a)(1) states: "An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school."

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Eligibility compliance requirement. Noncompliance with the grant agreement and the eligibility requirements could have resulted in the loss of 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 Eligibility compliance requirement.

Views of Responsible Officials

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

FINDING 2016-014

Subject: Title I Grants to Local Educational Agencies - Reporting

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): ESEA 14-5280, ESEA 15-5280,
2015 SIG, ESEA 16-5280

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. There were no controls to ensure the accuracy of the required reports before submission. Not all reimbursement requests included signatures of a preparer or approver.

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

There were also no internal controls over the submission of the 2014-2015 and 2015-2016 Annual Financial Reports. The reports were prepared by the Title I Director; however, there was no signature on the report confirming review by a second individual. Additionally, inspection of the 2014-2015 Annual Financial Report revealed that while the amount of Total Expenditures reported agreed with the ledger, some expenditures from one account were included in other accounts.

An internal control was in place over data submitted on the Biannual Financial Report. The Biannual Financial Report was signed by the Treasurer, Superintendent of Schools, and President of the School Board. However, during the 2015-2016 school year, this control did not detect three instances of an incorrect fund number being reported on the Biannual Financial Report. Therefore, the control was not effective.

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). . . ."

34 CFR 80.20 states in part:

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.302(a) states in part:

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Reporting compliance requirement. Noncompliance with the grant agreement and the reporting requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-015

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Schoolwide Programs
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): ESEA 14-5280, ESEA 15-5280, 2015 SIG, ESEA 16-5280
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Schoolwide Programs
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement. There were no controls to ensure that all required elements of a schoolwide plan were addressed.

The 2014-2015 school year Title I grant application was prepared by the Title I Director and signed by the Title I Director in the certification box where the Superintendent of Schools should have signed as certifier. Therefore, there was no evidence of control over the 2014-2015 Title I grant application. The 2015-2016 school year Title I original grant application was prepared by the Title I Director and was electronically signed as certified by the Superintendent of Schools. However, amendments to the grant application were made with the Title I Director's name in the certification box where the Superintendent of School's name should have appeared.

Inspection of the 2014-2015 and 2015-2016 School Improvement Plan for the Elwood Intermediate School did not demonstrate that there was instruction by highly qualified professional staff. Additionally, while the 2015-2016 Elwood School Improvement Plan did list goals and strategies, it did not include a comprehensive needs assessment of the entire school, comprehensive plan based on this assessment, or an annual evaluation of the results achieved by the schoolwide program and revision of the plan based on that evaluation. The plan also did not mention additional support services to students experiencing difficulty. These were areas that were addressed in the previous school year 2014-2015 School Improvement Plan for Elwood Intermediate School.

Context

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

Criteria

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 200.28 states in part:

"A schoolwide program must include the following components:

(a) *Schoolwide reform strategies.* The schoolwide program must incorporate reform strategies in the overall instructional program. Those strategies must—

- (1) Provide opportunities for all students to meet the State's proficient and advanced levels of student academic achievement;
- (2)(i) Address the needs of all students in the school, particularly the needs of low-achieving students and those at risk of not meeting the State's student academic achievement standards who are members of the target population of any program included in the schoolwide program; and
 - (i) Address how the school will determine if those needs have been met:

(b) *Instruction by highly qualified teachers.* A schoolwide program must ensure instruction by highly qualified teachers and provide ongoing professional development. The schoolwide program must—

- (1) Include strategies to attract highly qualified teachers, as defined in § 200.56;
- (2)(i) Provide high-quality and ongoing professional development in accordance with sections 1119 and 9101(34) of the ESEA for teachers, principals, paraprofessionals and, if appropriate, pupil services personnel, parents, and other staff, to enable all students in the school to meet the State's student academic standards; and
 - (ii) Align professional development with the State's academic standards;
- (3) Devote sufficient resources to carry out effectively the professional development activities described in paragraph (b)(2) of this section; and
- (4) Include teachers in professional development activities regarding the use of academic assessments described in § 200.2 to enable them to provide information on, and to improve, the achievement of individual students and the overall instructional program. . . .

ELWOOD COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(d) *Additional support.* A schoolwide program school must include activities to ensure that students who experience difficulty attaining the proficient or advanced levels of academic achievement standards required by § 200.1 will be provided with effective, timely additional support, including measures to –

- (1) Ensure that those students' difficulties are identified on a timely basis; and
- (2) Provide sufficient information on which to base effective assistance to those students.
.. ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement. Noncompliance with the grant agreement and the schoolwide programs requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no question costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



The Hope of Our Country

Elwood Community School Corporation

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Dr. Casey Smitherman
Superintendent

Dr. Joe Brown
Assistant Superintendent

Mrs. Joa Griffith
Business Manager/Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

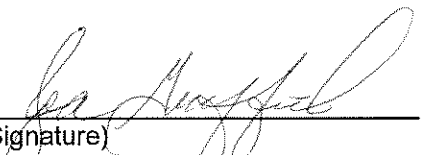
Contact Person Responsible for Corrective Action: Joa Griffith

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding:

The corrective action plan dated August 10, 2015 was implemented and the Superintendent reviewed the SEFA report, however, an error was found in the 2014-2016 audit period and the SEFA report was not initialed by the Superintendent validating his review.

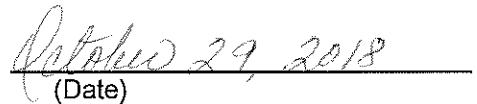
In an effort to correct this finding the Corporation Treasurer will have the SEFA report reviewed by a co-worker and the Superintendent to eliminate future errors and have both parties initial off of the report maintained in the file.



(Signature)



(Title)



(Date)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2010-2012

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Joa Griffith

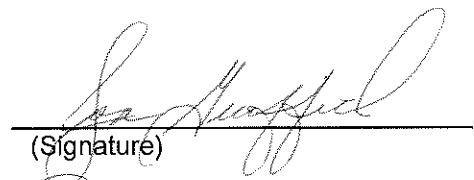
Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: Internal Control Over Receipting

The Corrective Action Plan dated August 10, 2015 discusses the creation of a tracking sheet to become the dual control for monies collected and accounted for prior to being deposited. This tracking sheet is the method currently being utilized for the effectiveness and efficiency of operations and dual accountability with monies the corporation receives.

The August 10, 2015 action plan was to secure a standalone computer solely dedicated to receipting in receipts. This has not happened due to the cost of the computer and additional licensing required through Komputrol to provide this sole function. With over a million-dollar Circuit Breaker loss and the anticipated Komputrol Software update a sole computer and license was not secured.

Monies continue to be tracked through the dual tracking sheet process.



(Signature)



(Title)



(Date)



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Mrs. Joa Griffith
Business Manager/Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2012, 2013, 2014

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

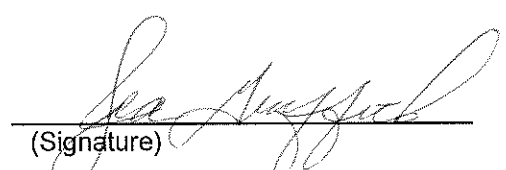
Contact Person Responsible for Corrective Action: Title 1 Director, Mr. Joe Kwisz, current Dr. Joe Brown

Contact Phone Number: 765-552-9861 ext. 1051

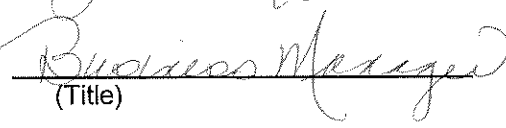
Status of Audit Finding: Allowable Costs

The Corrective Action Plan dated August 10, 2015 has been met with monthly documentation for those employees referenced in the stated Federal Finding.

Bus Drivers and Instructional Aides that are currently paid with Title 1 Funds now document the hours they work beyond the school day, IE athletic trips and cafeteria monitoring.



(Signature)



(Title)



(Date)



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: FY 2012-2013 and FY 2013-2014

United States Department of Agriculture/School Breakfast & National School Lunch Program

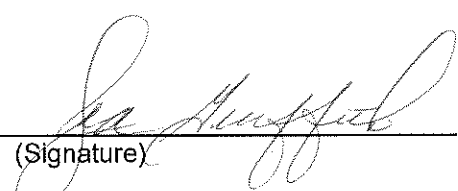
Contact Person Responsible for Corrective Action: Food Service Director, Mr. Jay Turner, Current Mrs. Roxie Fred

Contact Phone Number: 765-552-9861 ext. 6200

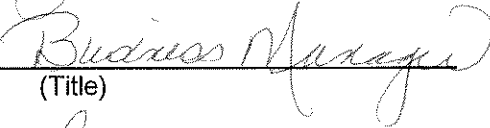
Status of Audit Finding: Cash Management

The Corrective Action Plan dated August 10, 2015 was met with the purchase of several equipment purchases for all three cafeterias'.

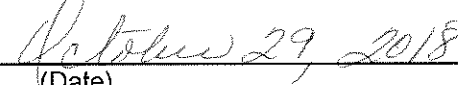
Since this finding and corrective action the cash balance has been maintained to be in compliance with Federal regulations.



 (Signature)



 (Title)



 (Date)



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The Hope of Our Country

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Mrs. Joa Griffith, Corporation Treasurer
Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation is in agreement with this Finding.

Description of Corrective Action Plan

This Finding is a repeat Finding that had a Corrective Action Plan. The previous Corrective Action Plan, however, did not eliminate errors on the SEFA report. The Superintendent will continue to review the report and initial off showing dual control and a second person will be included in the final review.

Regarding the Child Nutrition Cluster error, this information is always provided for entry by the Food Service Director, after they balance fiscal year end. The Corporation Treasurer will verify that Commodities are including in the totals being reported.

The over and understated amounts resulted from typographic error, which at a glance should have been caught. The Title 1 error was transposing the CFDA number which associated the Title 1 grant as a different grant.

Number 4 on this Finding regarding the Social Security Disability Insurance being left off the report was because the Corporation Treasurer did not realize these monies were Federal monies therefore did not report them on the report. These dollars will be reported on future reports.

Overall, the corrective action plan for Finding 2016-001 will be better cross checking of the SEFA report and the hard copy of the report will be initialed off by all parties.

Anticipated Completion Date: Procedures have been implemented to detect and correct errors before submitting the final SEFA report

FINDING 2016-002

Contact Person Responsible for Corrective Action: Mrs. Joa Griffith, Corporation Treasurer
Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation is in agreement with this Finding.

Description of Corrective Action Plan

This is a repeat finding, 2014-002. The current method in place for receipting in receipts was suggested by a previous SBOA Auditor, still today we use the method suggested at that time. The corrective action plan then was to set up a solo receipt station with a computer and software license so the employee receiving the collection of monies would not have to clear their workstation screen to receipt in the receipt on demand.

The corrective action plan did not happen due to the overall cost to the corporation during a time that our budget was very lean.

After researching the number of times monies comes in directly to the corporation office and discovering the number was minimal the decision was made to not take on the added expense of a solo receipt station. In 2018 to date there have been two times monies have come directly into the corporation and a receipt book was used. February and September. All other monies come either ACH or through the mail which are logged on our log report and receipted in during monthly processing.

The corrective action plan that will be implemented immediately will be to receipt in the monies at time of receipt at the corporation office. With less than 5 direct monies flowing into the corporation over the course of a year it is not feasible to spend the money to buy an additional license from the software company to create a solo receipt station.

Anticipated Completion Date: Immediately receipts will be printed at time money is received directly at the central office.

Komputrol will be contacted to assistant in why some funds are being combined on the Biannual Financial Report. This will be corrected before year end (2018) so the report will reflect each individual fund.

The final, end of month Fund Reports will reflect the report is the final report by putting that detail info on the top of the report. Also to eliminate confusion since several postings may take place at the end of the month is to keep only the Final Fund Report in the file folder. This corrective action plan has begun.

FINDING 2016-003

Contact Person Responsible for Corrective Action: Mrs. Joa Griffith, Corporation Treasurer
Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan

The practice to charge utility expenses to our 3 cafeterias has been a long standing practice originally suggested by the Superintendent and approved by the Governing Body many years back before Indirect Costs was ever developed to be implemented. This practice has gone through several audits without comment or finding. That being said the many years it's been in practice and never being an audit comment the practice was on-going.

In May of 2018 the DOE did an on-sight audit of our cafeteria and it was at that time we were sited with an audit finding. The Corporation refunded one year of charges from the General Fund to the Cafeteria Fund as the audit requested before June 30, 2018.

Anticipated Completion Date: The Corrective Action Plan to stop charging a utility fee to the cafeterias was implemented immediately after the onsite IDOE audit.

FINDING 2016-004

Contact Person Responsible for Corrective Action: Mrs. Joa Griffith, Corporation Treasurer
Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation understands the Finding, however the Corporation and Corporation Treasurer are not in full agreement with the Finding. Proper time was charged to the proper fund through a time keeping system for the before school program aides.

Description of Corrective Action Plan

In an effort to upgrade our cafeteria software system to offer online deposits and provide proper reports to maintain student balances the Corporation Treasurer worked several hours with the Food Service Director to research software companies, including trips to view software on site at other schools.

There were objectives that both the Food Service Director had and the Corporation Treasurer in researching for the right software that would assure compliance, reporting, and student balances. With the number of hours being put into this project with the Food Service Director it was a decision of the Superintendent to charge 10% of her salary to the food service account. This was a Superintendent and Governing Body decision to properly allocate salary expenses.

It was never a consideration of the Superintendent & Governing Body that a Time and Effort log would need to be maintained since the food service account is an internal account therefore, their Home Rule authority to approve the 10% salary charges of the Corporation Treasurer to the cafeteria fund during this project.

Once the upgraded process was completed the corporation treasurer's salary was 100% restored back to the General Fund.

Also included in this Finding was Title 1 aides that were paid from the Cafeteria Fund and Title 1 Fund. These aides were supervising students dropped off before the school day began and was served breakfast in the cafeteria. This being a before school day program the Aides clocked in using KTime system under their cafeteria appropriation line. Once the early morning program ended and the students went to their homeroom class the Aides clocked out of KTime and clocked back in under their Title 1 appropriation line.

Anticipated Completion Date: Salary was previously restored back to the General Fund 100%. The before school program is no longer an active program eliminating Aides being paid from cafeteria funds.

FINDING 2016-005

Contact Person Responsible for Corrective Action: Mrs. Roxie Fred, Food Service Director
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan

This Finding is under our previous Food Service Director. The current Food Service Director will immediately implement adequate policies and procedures to ensure proper eligibility determinations were made for students prior to providing benefits and maintain those records.

Anticipated Completion Date: Our current Food Service Director is aware of this finding and will maintain a file for future audits starting immediately

FINDING 2016-006

Contact Person Responsible for Corrective Action: Mrs. Roxie Fred, Food Service Director
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding

Description of Corrective Action Plan: The Food Service Director will develop adequate procedures to ensure compliance with the requirements to maintain records of equipment purchased with Federal Funds and perform a physical inventory of said equipment. Detailed lists will include source of funding, acquisition date and cost, location, and other details as required.
The current Food Service Director has been made aware of this Finding and the requirement to keep equipment lists for future audits.

Anticipated Completion Date: Immediately, the current Food Service Director has been made aware of the need to keep complete inventory lists of equipment purchased and sold.

FINDING 2016-007

Contact Person Responsible for Corrective Action: Mrs. Roxie Fred, Food Service Director
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan:

Our policies are updated to maintain compliance through NEOLA, which is a company that services several school districts in maintaining school-wide compliance. However, in this Finding an effective internal control system was not in place in order to ensure compliance with requirements related to the grant agreement and Procurement & Suspension & Debarment compliance requirement.

The corrective action plan for this Finding will be the Food Service Director and Superintendent will work together and review the procurement standards as noted to become compliant.

Anticipated Completion Date: Efforts will begin immediately to review the procurement standards as noted in this Finding to become compliant.

FINDING 2016-008

Contact Person Responsible for Corrective Action: Mrs. Roxie Fred, Food Service Director
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan

Fund 0800 is established for all cafeterias and receipts are broken down by building level and separate State and Federal receipt numbers are also broken down within the Fund. The Finding addresses using Fund 8400 to track Prepayments. Within Fund 0800 Prepayments were tracked with its own receipt number by building.

With the need to upgrade the cafeteria software the decision was made to wait to open and activate Fund 8400. This decision was made by the Superintendent and the Food Service Director. The decision to maintain the current practice until an upgraded software could be purchased was in hopes to eliminate errors in the transition process and to protect the student records.

Upgraded software has been purchased and Fund 8400 was established and is balanced monthly.

Anticipated Completion Date. Fund 8400 was activated and receipts are receipted in daily and the Fund is balanced monthly to the Corporation Fund Report.

FINDING 2016-009

Contact Person Responsible for Corrective Action: Mrs. Roxie Fred, Food Service Director
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan

This Finding is under a previous Food Service Director. To ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement the current Food Service Director will prepare the monthly Sponsor Claims and the cafeteria manager will review and sign off of the report to eliminate errors in reporting.

Anticipated Completion Date: The current Food Service Director has been made aware of this finding and will maintain files which will be dual controlled with the verification process for future audits.

FINDING 2016-0010

Contact Person Responsible for Corrective Action: Mrs. Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan

The current Food Service Director has been made aware of this Finding and will ensure compliance by having reports reviewed and signed off providing record of dual control by a cafeteria manager.

Anticipated Completion Date: Immediately, the Food Service Director will have her cafeteria manager review reports and initial verifying a dual control process has been implemented before submission.

FINDING 2016-011

Contact Person Responsible for Corrective Action: Dr. Joe Brown, Assistant Superintendent, and Grant Director and Mrs. Joa Griffith Corporation Treasurer
Contact Phone Number: 765-552-9861 ext. 1051 or ext. 1063

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan

The Title 1 Reimbursement Request form is an online form with direct submission. The Title 1 reimbursement form does not follow the same format as other Federal Grants which require you to print the reimbursement form out for preparer/approver signatures before submitting the reimbursement.

Reimbursement forms were not signed off by the Grant Director showing approval for reimbursement

Corrective action for this Finding is to have all Title 1 Federal Grants signed off by the preparer and the approver.

Regarding the missing documentation for three of the fourteen students tested for the mobility reporting all efforts by the current Grant Director to ensure files are complete with all documentation required including the Withdrawal/Transfer form with parent signature.

Anticipated Completion Date. This practice has already begun.

FINDING 2016-012

Contact Person Responsible for Corrective Action: Dr. Joe Brown, Assistant Superintendent; Grant Director and Mrs. Joa Griffith, Corporation Treasurer
Contact Phone Number: 765-552-9861 ext. 1051 or 1063

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding

Description of Corrective Action Plan

The Title 1 Reimbursement Request form is an online form with direct submission. The Title 1 reimbursement form does not follow the same format as other Federal Grants which require you to print the reimbursement form out for preparer/approver signatures before submitting the reimbursement.

Reimbursement forms were not signed off by the Grant Director showing approval for reimbursement
Corrective action for this Finding is to have all Title 1 Federal Grants signed off by the preparer and the approver.

Anticipated Completion Date. This practice has already been instituted

The rate of pay for the bus driver showing on the Reimbursement Request was not in our employee handbook, therefore was considered unverifiable.

Anticipated Completion Date: Non-Certified staff received a salary increase effective August 2018 and the Classified handbook will be updated and will include the Bus Driver's route pay.

The Title 1 Directors Time and Effort logs did not match when compared to the salary percentage approved by the grant on the two months tested.

When a grant approves a percentage for salary for any employee it is at the beginning of the grant period that this percentage is set up in payroll. Months may differ due to the timing of payroll and when Time and Effort logs are submitted.

To eliminate the constant changing of percentage rate in payroll and reducing error or the possibility of over paying from a Federal Grant the corrective action will be to monitor the total percentage of time worked a few months before the grant ends and make any adjustments in distributing salary the remaining payrolls prior to grant end.

Anticipated Completion Date. This practice will begin immediately.

FINDING 2016-013

Contact Person Responsible for Corrective Action: Dr. Joe Brown, Assistant Superintendent; Grant Director
Contact Phone Number: 765-552-9861 ext. 1051

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action:

Previously, the Title 1 Director and the Superintendent of the school were located in different buildings which created poor communication with obtaining proper signatures for grant documents. With the beginning of the 2018-2019 school year the Grant Director relocated to the Central Office and he and the Superintendent are in the same building which will create better communication and less room for signature errors.

Procedures will be properly implemented with our Data Coordinator in maintaining student records used when applying for Federal Grants and with the Food Service Director in obtaining Free/Reduced student information.

Anticipated Completion Date. This practice has already begun.

FINDING 2016-014

Contact Person Responsible for Corrective Action: Mrs. Joa Griffith
Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation agrees with this Finding.

Description of Corrective Action Plan

The corrective action to sign off and initial Reimbursement Requests has been stated in several Findings and has been immediately implemented.

The Fund numbers being reported on the Biannual Financial Report are the Main Fund number category that are not separating into their sub categories. The monthly Fund report however, does reflect the Fund numbers separately in their sub-categories. To correct this from happening again and before the next Biannual Financial Report is generated the Corporation Treasurer will contact Komputrol Software Systems to assist in solving the problem with these Funds that are adding into the Header Fund and not staying separate.

The Grant Director and the Corporation Treasurer will do the Final Title 1 report together to assure expenditures are reported into the correct program numbers to eliminate future errors.

Anticipated Completion Date; This practice will begin immediately.

FINDING 2016-015

Contact Person Responsible for Corrective Action: Dr. Joe Brown, Assistant Superintendent, Grant Director
Contact Phone Number: 765-552-9861 ext. 1051

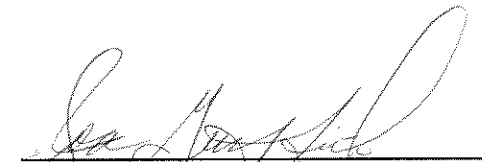
Views of Responsible Official: Elwood Community School Corporation agrees with this Finding

Description of Corrective Action Plan

This Finding is under the previous Title 1 Director.

The current Title 1 Director has been made aware of this Finding and will ensure compliance with requirements and inspect School Improvement Plans to maintain compliance with goals and strategies.

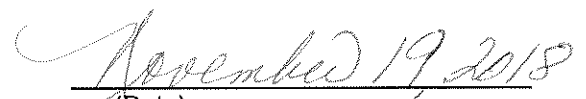
Anticipated Completion Date. This practice has begun.



(Signature)



(Title)



(Date)

OTHER REPORTS

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