

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

PERRY CENTRAL COMMUNITY
SCHOOL CORPORATION
PERRY COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
01/11/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sherry Knieriem Sarah Briggeman	01-01-15 to 12-31-16 01-01-17 to 12-31-18
Superintendent of Schools	Mary Roberson	07-01-15 to 06-30-19
President of the School Board	Tim Edwards	01-01-15 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE PERRY CENTRAL COMMUNITY
SCHOOL CORPORATION, PERRY COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 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 27, 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 PERRY CENTRAL COMMUNITY
SCHOOL CORPORATION, PERRY 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 Perry Central Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated November 27, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2017-001.

Perry Central 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 27, 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.

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 919,837	\$ 7,787,496	\$ 8,412,933	\$ -	\$ 294,400	\$ 8,035,315	\$ 8,178,322	\$ -	\$ 151,393
Debt Service	371,960	509,131	505,294	-	375,797	478,363	502,018	-	352,142
Retirement/Severance Bond Debt Service	32,669	184,173	70,194	-	146,648	129,545	205,779	-	70,414
Capital Projects	351,288	772,384	792,191	-	331,481	702,137	759,421	-	274,197
School Transportation	349,924	819,821	783,349	-	386,396	915,798	780,194	(150,000)	372,000
School Bus Replacement	63,338	104,597	80,968	3,100	90,067	144,964	124,567	-	110,464
Rainy Day	491,690	-	-	-	491,690	-	148,030	150,000	493,660
Construction	48,652	-	48,652	-	-	-	-	-	-
School Lunch	413,634	580,669	610,304	-	383,999	568,332	576,967	-	375,364
Textbook Rental	295,688	135,869	77,265	-	354,292	110,894	85,527	-	379,659
Art Association	744	1,000	136	-	1,608	-	1,000	-	608
Child Care Program	-	73,524	63,075	-	10,449	70,513	79,533	-	1,429
Alternative Education	4,788	8,122	3,481	-	9,429	1,331	10,257	-	503
PCLA - United Way Donation	-	5,000	3,165	-	1,835	3,000	4,812	-	23
Safe Haven	-	16,240	20,000	-	(3,760)	-	-	-	(3,760)
Teacher Mini Grants Alliance	99	-	99	-	-	-	-	-	-
Cultural Arts	468	-	-	-	468	-	-	-	468
Natural Helpers 09-10	593	-	79	-	514	-	-	-	514
Youth Services Grant 2014-2016	(4,048)	11,980	7,932	-	-	-	-	-	-
YSB Grant	-	27,620	2,992	-	24,628	37,740	42,209	-	20,159
Formative Assessment	-	-	-	-	-	14,627	8,855	-	5,772
Lights On Comm Alliance Grant	144	-	-	-	144	75	-	-	219
High Ability Grant 12-13	5	-	-	-	5	-	5	-	-
High Ability Grant 14-15	13,774	-	13,774	-	-	-	-	-	-
High Ability Grant 15-16	-	29,637	13,108	-	16,529	-	16,529	-	-
High Ability Grant 16-17	-	-	-	-	-	29,675	28,724	-	951
GED Testing Fund	89	1,690	1,626	-	153	3,242	3,029	-	366
Continuing Education Evenstart	5,712	-	3,932	-	1,780	-	1,722	-	58
Drug Free Communities	442	-	-	-	442	-	442	-	-
Perry County Sub Abuse 2009-2010	445	-	445	-	-	-	-	-	-
Perry County Sub Abuse 2010-2011	341	-	341	-	-	-	-	-	-
Substance Abuse Grant 2012-2013	1,272	4,777	3,993	-	2,056	7,847	2,948	-	6,955
Medicaid Reimbursement	40,317	60,040	39,360	-	60,997	33,224	81,182	-	13,039
Secured Schools Safety Grant	(3,494)	3,443	(51)	-	-	-	-	-	-
Donation Fund	29,324	69,075	54,590	-	43,809	54,708	65,732	-	32,785
After School Program	3,459	387	313	-	3,533	-	301	-	3,232
Parent Outreach Program	1,218	40,814	(3,239)	-	45,271	14,640	29,106	-	30,805
PC Student Activities Fund	2,607	-	873	-	1,734	-	240	-	1,494
Every Kid in the Park Grant	-	900	900	-	-	-	-	-	-
Every Kid in the Park Grant #2	-	-	1,000	-	(1,000)	1,000	-	-	-
Welborn Wellness Grant	138	-	138	-	-	-	-	-	-

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Heroes Grant	-	4,250	3,971	-	279	3,600	3,831	-	48
School Technology	1,494	6,564	7,794	-	264	8,468	4,584	-	4,148
Career and Technical Performance Grant	-	-	-	-	-	10,160	-	-	10,160
Performance Based Awards	-	-	-	-	-	67,132	67,131	-	1
EWIN Grant	-	-	-	-	-	46,810	9,463	-	37,347
Lilly Grant	-	-	-	-	-	29,913	5,654	-	24,259
Title I 2008-2009	1	-	-	-	1	-	-	-	1
Title I 2014-2015	(4,976)	16,255	11,279	-	-	-	-	-	-
Title I 2015-2016	-	87,878	86,703	-	1,175	-	1,175	-	-
Title I 2016-2017	-	-	-	-	-	64,524	74,257	-	(9,733)
Career Incentive	201	-	-	-	201	-	-	-	201
21st Century Grant HS 12-13	15	-	-	-	15	-	-	-	15
21st Century Elem Cohort 7	(6,641)	10,248	3,607	-	-	-	-	-	-
21st Century Cohort 6 2014-2015	6,830	(10,739)	(3,909)	-	-	-	-	-	-
21st Century Cohort 7 Supplemental	(69,100)	90,991	21,891	-	-	-	-	-	-
21st Century Cohort 6 Supplemental	(15,712)	21,455	5,743	-	-	-	-	-	-
21 Century Regular Grant 15-16	(9,247)	187,061	177,814	-	-	-	-	-	-
21st Century Cohort 6 15-16	(800)	100,072	99,272	-	-	-	-	-	-
21st CCLC High School Grant 16-17	-	-	4,737	-	(4,737)	183,148	189,483	-	(11,072)
21st CCLC Elementary Grant 16-17	-	-	8,215	-	(8,215)	212,918	218,238	-	(13,535)
McKinney-Vento Homeless Grant 15-16	-	10,000	10,000	-	-	-	-	-	-
McKinney-Vento Homeless Grant 16-17	-	-	-	-	-	12,810	14,264	-	(1,454)
21st CCLC Elementary Grant 17-18	-	-	-	-	-	-	16,730	-	(16,730)
21st CCLC High School Grant 17-18	-	-	-	-	-	-	12,204	-	(12,204)
EUDL Grant 2015	(1,528)	4,081	6,472	-	(3,919)	3,919	-	-	-
Innovative CTE Grant	(1,031)	22,341	18,430	-	2,880	-	-	-	2,880
Title II Part A	1,447	-	1,420	-	27	-	-	-	27
Title IIA Improving Teacher	1,545	-	1,316	-	229	-	-	-	229
Title II Part A Elearning	500	-	500	-	-	-	-	-	-
E-Learning Grant 2014-2015	(1,972)	517	(1,455)	-	-	-	-	-	-
Title II Part A 2015	(2,261)	23,381	21,120	-	-	-	-	-	-
Title II E-learning Grant	-	9,950	13,000	-	(3,050)	3,050	1,060	-	(1,060)
Title II Improving Teacher Quality	-	10,356	13,976	-	(3,620)	17,797	13,976	-	201
Payroll Withholdings	64,606	1,933,545	1,965,999	-	32,152	2,035,356	1,923,871	-	143,637
Clearing	(13,231)	672,414	637,110	-	22,073	664,165	663,811	-	22,427
Totals	\$ 3,387,257	\$ 14,449,009	\$ 14,728,217	\$ 3,100	\$ 3,111,149	\$ 14,720,740	\$ 14,957,183	\$ -	\$ 2,874,706

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

PERRY CENTRAL 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.

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

C. 401(a)

Plan Description

A 401(a) plan is a tax-deferred retirement savings plan defined by subsection 401(a) of the Internal Revenue Code. The 401(a) plan is established by an employer, and allows for contributions by the employee, the employer, or both. Contribution amounts, whether dollar-based or percentage-based, eligibility, and vesting schedule are all determined by the sponsoring employer.

Funding Policy and Annual Pension Cost

The contribution is negotiated in the Teacher Master Contract and described in Article XII, C (1 percent for all certified staff hired before 2006, and 2 percent for certified employees hired after June 30, 2006).

D. Retirement Savings VEBA Plan

Plan Description

A voluntary employees' beneficiary association (VEBA) is a form of trust fund permitted under United States federal tax law for post-retirement medical expenses.

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

The contribution is negotiated in the Teacher Master Contract and described in Article XII, D (1 percent for staff hired before 2005).

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of corrections for prior periods.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grants that are reimbursable.

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Perry Central Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$87,500 and \$97,500, respectively.

Note 10. Subsequent Event

The School Corporation obtained a \$175,000 loan for technology purchases on June 22, 2018. The loan matures on June 22, 2022. Payments will be made semiannually from the Capital Projects fund.

Note 11. Other Postemployment Benefits

Corporation Early Retirement Benefit

Described in Article XI, A-C of the Master Contract, this benefit is for certified staff hired before June 30, 2006. It is an amount of \$12,000 times up to 10 (depending on the age at retirement), paid out in five years.

Severance

Described in Article XII, D of the Master Contract, this retirement benefit is for certified staff hired before June 30, 2006, it is a severance payment of \$60 per year of service and \$60 for each accumulated sick day up to 220 days and \$30 per day for days accumulated over 220.

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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 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.

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PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 919,837	\$ 371,960	\$ 32,669	\$ 351,288	\$ 349,924	\$ 63,338	\$ 491,690	\$ 48,652	\$ 413,634
Receipts:									
Local sources	44,698	509,131	184,173	772,384	819,821	104,597	-	-	275,837
Intermediate sources	115	-	-	-	-	-	-	-	-
State sources	7,584,386	-	-	-	-	-	-	-	-
Federal sources	158,297	-	-	-	-	-	-	-	304,832
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	7,787,496	509,131	184,173	772,384	819,821	104,597	-	-	580,669
Disbursements:									
Instruction	6,494,144	-	-	-	-	-	-	-	-
Support services	1,914,972	-	-	407,347	783,349	80,968	-	-	-
Noninstructional services	3,817	-	-	-	-	-	-	-	610,304
Facilities acquisition and construction	-	-	-	270,355	-	-	-	48,652	-
Debt service	-	505,294	70,194	114,489	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,412,933	505,294	70,194	792,191	783,349	80,968	-	48,652	610,304
Excess (deficiency) of receipts over disbursements	(625,437)	3,837	113,979	(19,807)	36,472	23,629	-	(48,652)	(29,635)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	3,100	-	-	-
Total other financing sources (uses)	-	-	-	-	-	3,100	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(625,437)	3,837	113,979	(19,807)	36,472	26,729	-	(48,652)	(29,635)
Cash and investments - ending	\$ 294,400	\$ 375,797	\$ 146,648	\$ 331,481	\$ 386,396	\$ 90,067	\$ 491,690	\$ -	\$ 383,999

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	Textbook Rental	Art Association	Child Care Program	Alternative Education	PCLA - United Way Donation	Safe Haven	Teacher Mini Grants Alliance	Cultural Arts	Natural Helpers 09-10
Cash and investments - beginning	\$ 295,688	\$ 744	\$ -	\$ 4,788	\$ -	\$ -	\$ 99	\$ 468	\$ 593
Receipts:									
Local sources	96,959	1,000	73,524	893	5,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	38,910	-	-	7,229	-	16,240	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	135,869	1,000	73,524	8,122	5,000	16,240	-	-	-
Disbursements:									
Instruction	-	-	-	3,481	3,165	-	99	-	-
Support services	77,265	-	-	-	-	20,000	-	-	79
Noninstructional services	-	136	63,075	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	77,265	136	63,075	3,481	3,165	20,000	99	-	79
Excess (deficiency) of receipts over disbursements	58,604	864	10,449	4,641	1,835	(3,760)	(99)	-	(79)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	58,604	864	10,449	4,641	1,835	(3,760)	(99)	-	(79)
Cash and investments - ending	\$ 354,292	\$ 1,608	\$ 10,449	\$ 9,429	\$ 1,835	\$ (3,760)	\$ -	\$ 468	\$ 514

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2016

	Youth Services Grant 2014-2016	YSB Grant	Formative Assessment	Lights On Comm Alliance Grant	High Ability Grant 12-13	High Ability Grant 14-15	High Ability Grant 15-16	High Ability Grant 16-17	GED Testing Fund
Cash and investments - beginning	\$ (4,048)	\$ -	\$ -	\$ 144	\$ 5	\$ 13,774	\$ -	\$ -	\$ 89
Receipts:									
Local sources	11,980	27,620	-	-	-	-	-	-	1,690
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	29,637	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	11,980	27,620	-	-	-	-	29,637	-	1,690
Disbursements:									
Instruction	7,932	2,992	-	-	-	13,774	13,108	-	1,626
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,932	2,992	-	-	-	13,774	13,108	-	1,626
Excess (deficiency) of receipts over disbursements	4,048	24,628	-	-	-	(13,774)	16,529	-	64
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,048	24,628	-	-	-	(13,774)	16,529	-	64
Cash and investments - ending	\$ -	\$ 24,628	\$ -	\$ 144	\$ 5	\$ -	\$ 16,529	\$ -	\$ 153

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Continuing Education Evenstart	Drug Free Communities	Perry County Sub Abuse 2009-2010	Perry County Sub Abuse 2010-2011	Substance Abuse Grant 2012-2013	Medicaid Reimbursement	Secured Schools Safety Grant	Donation Fund	After School Program
Cash and investments - beginning	\$ 5,712	\$ 442	\$ 445	\$ 341	\$ 1,272	\$ 40,317	\$ (3,494)	\$ 29,324	\$ 3,459
Receipts:									
Local sources	-	-	-	-	4,777	-	-	69,075	387
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	60,040	3,443	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	4,777	60,040	3,443	69,075	387
Disbursements:									
Instruction	3,932	-	445	341	3,993	39,360	-	12,800	313
Support services	-	-	-	-	-	-	(51)	39,909	-
Noninstructional services	-	-	-	-	-	-	-	1,170	-
Facilities acquisition and construction	-	-	-	-	-	-	-	711	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	3,932	-	445	341	3,993	39,360	(51)	54,590	313
Excess (deficiency) of receipts over disbursements	(3,932)	-	(445)	(341)	784	20,680	3,494	14,485	74
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,932)	-	(445)	(341)	784	20,680	3,494	14,485	74
Cash and investments - ending	\$ 1,780	\$ 442	\$ -	\$ -	\$ 2,056	\$ 60,997	\$ -	\$ 43,809	\$ 3,533

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Parent Outreach Program	PC Student Activities Fund	Every Kid in the Park Grant	Every Kid in the Park Grant #2	Welborn Wellness Grant	Heroes Grant	School Technology	Career and Technical Performance Grant	Performance Based Awards
Cash and investments - beginning	\$ 1,218	\$ 2,607	\$ -	\$ -	\$ 138	\$ -	\$ 1,494	\$ -	\$ -
Receipts:									
Local sources	40,814	-	900	-	-	4,250	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	6,564	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	40,814	-	900	-	-	4,250	6,564	-	-
Disbursements:									
Instruction	-	873	732	656	-	-	-	-	-
Support services	-	-	168	344	-	-	7,794	-	-
Noninstructional services	(3,239)	-	-	-	138	3,971	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	(3,239)	873	900	1,000	138	3,971	7,794	-	-
Excess (deficiency) of receipts over disbursements	44,053	(873)	-	(1,000)	(138)	279	(1,230)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	44,053	(873)	-	(1,000)	(138)	279	(1,230)	-	-
Cash and investments - ending	\$ 45,271	\$ 1,734	\$ -	\$ (1,000)	\$ -	\$ 279	\$ 264	\$ -	\$ -

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	EWIN Grant	Lilly Grant	Title I 2008-2009	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Career Incentive	21st Century Grant HS 12-13
Cash and investments - beginning	\$ -	\$ -	\$ 1	\$ (4,976)	\$ -	\$ -	\$ 201	\$ 15
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	16,255	87,878	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	16,255	87,878	-	-	-
Disbursements:								
Instruction	-	-	-	11,279	78,544	-	-	-
Support services	-	-	-	-	8,159	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	11,279	86,703	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	4,976	1,175	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	4,976	1,175	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 1	\$ -	\$ 1,175	\$ -	\$ 201	\$ 15

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	21st Century Elem Cohort 7	21st Century Cohort 6 2014-2015	21st Century Cohort 7 Supplemental	21st Century Cohort 6 Supplemental	21st Century Regular Grant 15-16	21st Century Cohort 6 15-16	21st CCLC High School Grant 16-17	21st CCLC Elementary Grant 16-17
Cash and investments - beginning	\$ (6,641)	\$ 6,830	\$ (69,100)	\$ (15,712)	\$ (9,247)	\$ (800)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	10,248	(10,739)	90,991	21,455	187,061	100,072	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	10,248	(10,739)	90,991	21,455	187,061	100,072	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	3,660	1,314	-	170
Noninstructional services	3,607	(3,909)	21,891	5,743	174,154	97,958	4,737	8,045
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,607	(3,909)	21,891	5,743	177,814	99,272	4,737	8,215
Excess (deficiency) of receipts over disbursements	6,641	(6,830)	69,100	15,712	9,247	800	(4,737)	(8,215)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,641	(6,830)	69,100	15,712	9,247	800	(4,737)	(8,215)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,737)	\$ (8,215)

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
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	McKinney-Vento Homeless Grant 15-16	McKinney-Vento Homeless Grant 16-17	21st Century Elementary Grant 17-18	21st Century High School Grant 17-18	EUDL Grant 2015	Innovative CTE Grant	Title II Part A	Title IIA Improving Teacher
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (1,528)	\$ (1,031)	\$ 1,447	\$ 1,545
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	10,000	-	-	-	4,081	22,341	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	10,000	-	-	-	4,081	22,341	-	-
Disbursements:								
Instruction	-	-	-	-	-	15,397	-	-
Support services	10,000	-	-	-	6,472	3,033	1,420	1,316
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	10,000	-	-	-	6,472	18,430	1,420	1,316
Excess (deficiency) of receipts over disbursements	-	-	-	-	(2,391)	3,911	(1,420)	(1,316)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(2,391)	3,911	(1,420)	(1,316)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (3,919)	\$ 2,880	\$ 27	\$ 229

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	Title II Part A Elearning	E-Learning Grant 2014-2015	Title II Part A 2015	Title II E-learning Grant	Title II Improving Teacher Quality	Payroll Withholdings	Clearing	Totals
Cash and investments - beginning	\$ 500	\$ (1,972)	\$ (2,261)	\$ -	\$ -	\$ 64,606	\$ (13,231)	\$ 3,387,257
Receipts:								
Local sources	-	-	-	-	-	-	-	3,049,510
Intermediate sources	-	-	-	-	-	-	-	115
State sources	-	-	-	-	-	-	-	7,746,449
Federal sources	-	517	23,381	9,950	10,356	-	-	1,046,976
Other receipts	-	-	-	-	-	1,933,545	672,414	2,605,959
Total receipts	-	517	23,381	9,950	10,356	1,933,545	672,414	14,449,009
Disbursements:								
Instruction	-	-	-	-	-	-	-	6,708,986
Support services	500	(198)	21,120	11,410	13,976	-	-	3,414,496
Noninstructional services	-	(1,257)	-	1,590	-	-	-	991,931
Facilities acquisition and construction	-	-	-	-	-	-	-	319,718
Debt service	-	-	-	-	-	-	-	689,977
Nonprogrammed charges	-	-	-	-	-	1,965,999	637,110	2,603,109
Total disbursements	500	(1,455)	21,120	13,000	13,976	1,965,999	637,110	14,728,217
Excess (deficiency) of receipts over disbursements	(500)	1,972	2,261	(3,050)	(3,620)	(32,454)	35,304	(279,208)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	3,100
Total other financing sources (uses)	-	-	-	-	-	-	-	3,100
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	1,972	2,261	(3,050)	(3,620)	(32,454)	35,304	(276,108)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (3,050)	\$ (3,620)	\$ 32,152	\$ 22,073	\$ 3,111,149

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 294,400	\$ 375,797	\$ 146,648	\$ 331,481	\$ 386,396	\$ 90,067	\$ 491,690	\$ -	\$ 383,999
Receipts:									
Local sources	102,866	478,363	129,545	702,137	915,798	144,964	-	-	261,377
Intermediate sources	122	-	-	-	-	-	-	-	-
State sources	7,770,585	-	-	-	-	-	-	-	-
Federal sources	161,742	-	-	-	-	-	-	-	306,955
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	8,035,315	478,363	129,545	702,137	915,798	144,964	-	-	568,332
Disbursements:									
Instruction	6,264,162	-	-	-	-	-	97,677	-	-
Support services	1,911,792	-	-	545,520	780,194	124,567	50,353	-	-
Noninstructional services	2,368	-	-	-	-	-	-	-	576,967
Facilities acquisition and construction	-	-	-	136,111	-	-	-	-	-
Debt service	-	502,018	205,779	77,790	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,178,322	502,018	205,779	759,421	780,194	124,567	148,030	-	576,967
Excess (deficiency) of receipts over disbursements	(143,007)	(23,655)	(76,234)	(57,284)	135,604	20,397	(148,030)	-	(8,635)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	150,000	-	-
Transfers out	-	-	-	-	(150,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(150,000)	-	150,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(143,007)	(23,655)	(76,234)	(57,284)	(14,396)	20,397	1,970	-	(8,635)
Cash and investments - ending	\$ 151,393	\$ 352,142	\$ 70,414	\$ 274,197	\$ 372,000	\$ 110,464	\$ 493,660	\$ -	\$ 375,364

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

	Textbook Rental	Art Association	Child Care Program	Alternative Education	PCLA - United Way Donation	Safe Haven	Teacher Mini Grants Alliance	Cultural Arts	Natural Helpers 09-10
Cash and investments - beginning	\$ 354,292	\$ 1,608	\$ 10,449	\$ 9,429	\$ 1,835	\$ (3,760)	\$ -	\$ 468	\$ 514
Receipts:									
Local sources	74,247	-	70,513	1,331	3,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	36,647	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	110,894	-	70,513	1,331	3,000	-	-	-	-
Disbursements:									
Instruction	-	-	-	10,257	4,812	-	-	-	-
Support services	85,527	-	-	-	-	-	-	-	-
Noninstructional services	-	1,000	79,533	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	85,527	1,000	79,533	10,257	4,812	-	-	-	-
Excess (deficiency) of receipts over disbursements	25,367	(1,000)	(9,020)	(8,926)	(1,812)	-	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,367	(1,000)	(9,020)	(8,926)	(1,812)	-	-	-	-
Cash and investments - ending	\$ 379,659	\$ 608	\$ 1,429	\$ 503	\$ 23	\$ (3,760)	\$ -	\$ 468	\$ 514

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

	Youth Services Grant 2014-2016	YSB Grant	Formative Assessment	Lights On Comm Alliance Grant	High Ability Grant 12-13	High Ability Grant 14-15	High Ability Grant 15-16	High Ability Grant 16-17	GED Testing Fund
Cash and investments - beginning	\$ -	\$ 24,628	\$ -	\$ 144	\$ 5	\$ -	\$ 16,529	\$ -	\$ 153
Receipts:									
Local sources	-	37,740	-	75	-	-	-	-	3,242
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	14,627	-	-	-	-	29,675	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	37,740	14,627	75	-	-	-	29,675	3,242
Disbursements:									
Instruction	-	42,209	-	-	5	-	16,529	28,724	3,029
Support services	-	-	8,855	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	42,209	8,855	-	5	-	16,529	28,724	3,029
Excess (deficiency) of receipts over disbursements	-	(4,469)	5,772	75	(5)	-	(16,529)	951	213
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,469)	5,772	75	(5)	-	(16,529)	951	213
Cash and investments - ending	\$ -	\$ 20,159	\$ 5,772	\$ 219	\$ -	\$ -	\$ -	\$ 951	\$ 366

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

	Continuing Education Evenstart	Drug Free Communities	Perry County Sub Abuse 2009-2010	Perry County Sub Abuse 2010-2011	Substance Abuse Grant 2012-2013	Medicaid Reimbursement	Secured Schools Safety Grant	Donation Fund	After School Program
Cash and investments - beginning	\$ 1,780	\$ 442	\$ -	\$ -	\$ 2,056	\$ 60,997	\$ -	\$ 43,809	\$ 3,533
Receipts:									
Local sources	-	-	-	-	7,847	-	-	54,708	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	33,224	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	7,847	33,224	-	54,708	-
Disbursements:									
Instruction	1,722	442	-	-	2,948	81,182	-	25,595	301
Support services	-	-	-	-	-	-	-	39,198	-
Noninstructional services	-	-	-	-	-	-	-	268	-
Facilities acquisition and construction	-	-	-	-	-	-	-	671	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,722	442	-	-	2,948	81,182	-	65,732	301
Excess (deficiency) of receipts over disbursements	(1,722)	(442)	-	-	4,899	(47,958)	-	(11,024)	(301)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,722)	(442)	-	-	4,899	(47,958)	-	(11,024)	(301)
Cash and investments - ending	\$ 58	\$ -	\$ -	\$ -	\$ 6,955	\$ 13,039	\$ -	\$ 32,785	\$ 3,232

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

	Parent Outreach Program	PC Student Activities Fund	Every Kid in the Park Grant	Every Kid in the Park Grant #2	Welborn Wellness Grant	Heroes Grant	School Technology	Career and Technical Performance Grant	Performance Based Awards
Cash and investments - beginning	\$ 45,271	\$ 1,734	\$ -	\$ (1,000)	\$ -	\$ 279	\$ 264	\$ -	\$ -
Receipts:									
Local sources	14,640	-	-	1,000	-	3,600	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	8,468	10,160	67,132
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	14,640	-	-	1,000	-	3,600	8,468	10,160	67,132
Disbursements:									
Instruction	-	240	-	-	-	-	-	-	67,131
Support services	-	-	-	-	-	-	4,584	-	-
Noninstructional services	29,106	-	-	-	-	3,831	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	29,106	240	-	-	-	3,831	4,584	-	67,131
Excess (deficiency) of receipts over disbursements	(14,466)	(240)	-	1,000	-	(231)	3,884	10,160	1
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,466)	(240)	-	1,000	-	(231)	3,884	10,160	1
Cash and investments - ending	\$ 30,805	\$ 1,494	\$ -	\$ -	\$ -	\$ 48	\$ 4,148	\$ 10,160	\$ 1

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

	EWIN Grant	Lilly Grant	Title I 2008-2009	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Career Incentive	21st Century Grant HS 12-13
Cash and investments - beginning	\$ -	\$ -	\$ 1	\$ -	\$ 1,175	\$ -	\$ 201	\$ 15
Receipts:								
Local sources	46,810	29,913	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	64,524	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	46,810	29,913	-	-	-	64,524	-	-
Disbursements:								
Instruction	-	-	-	-	414	71,042	-	-
Support services	8,601	5,654	-	-	761	3,215	-	-
Noninstructional services	862	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,463	5,654	-	-	1,175	74,257	-	-
Excess (deficiency) of receipts over disbursements	37,347	24,259	-	-	(1,175)	(9,733)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,347	24,259	-	-	(1,175)	(9,733)	-	-
Cash and investments - ending	\$ 37,347	\$ 24,259	\$ 1	\$ -	\$ -	\$ (9,733)	\$ 201	\$ 15

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

	21st Century Elem Cohort 7	21st Century Cohort 6 2014-2015	21st Century Cohort 7 Supplemental	21st Century Cohort 6 Supplemental	21st Century Regular Grant 15-16	21st Century Cohort 6 15-16	21st CCLC High School Grant 16-17	21st CCLC Elementary Grant 16-17
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,737)	\$ (8,215)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	183,148	212,918
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	183,148	212,918
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	80	1,099
Noninstructional services	-	-	-	-	-	-	189,403	217,139
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	189,483	218,238
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(6,335)	(5,320)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(6,335)	(5,320)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,072)	\$ (13,535)

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

	McKinney-Vento Homeless Grant 15-16	McKinney-Vento Homeless Grant 16-17	21st Century Elementary Grant 17-18	21st Century High School Grant 17-18	EUDL Grant 2015	Innovative CTE Grant	Title II Part A	Title IIA Improving Teacher
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (3,919)	\$ 2,880	\$ 27	\$ 229
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	12,810	-	-	3,919	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	12,810	-	-	3,919	-	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	14,264	-	-	-	-	-	-
Noninstructional services	-	-	16,730	12,204	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	14,264	16,730	12,204	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(1,454)	(16,730)	(12,204)	3,919	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,454)	(16,730)	(12,204)	3,919	-	-	-
Cash and investments - ending	\$ -	\$ (1,454)	\$ (16,730)	\$ (12,204)	\$ -	\$ 2,880	\$ 27	\$ 229

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

	Title II Part A Elearning	E-Learning Grant 2014-2015	Title II Part A 2015	Title II E-learning Grant	Title II Improving Teacher Quality	Payroll Withholdings	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (3,050)	\$ (3,620)	\$ 32,152	\$ 22,073	\$ 3,111,149
Receipts:								
Local sources	-	-	-	-	-	-	-	3,083,716
Intermediate sources	-	-	-	-	-	-	-	122
State sources	-	-	-	-	-	-	-	7,970,518
Federal sources	-	-	-	3,050	17,797	-	-	966,863
Other receipts	-	-	-	-	-	2,035,356	664,165	2,699,521
Total receipts	-	-	-	3,050	17,797	2,035,356	664,165	14,720,740
Disbursements:								
Instruction	-	-	-	-	-	-	-	6,718,421
Support services	-	-	-	1,060	13,976	-	-	3,599,300
Noninstructional services	-	-	-	-	-	-	-	1,129,411
Facilities acquisition and construction	-	-	-	-	-	-	-	136,782
Debt service	-	-	-	-	-	-	-	785,587
Nonprogrammed charges	-	-	-	-	-	1,923,871	663,811	2,587,682
Total disbursements	-	-	-	1,060	13,976	1,923,871	663,811	14,957,183
Excess (deficiency) of receipts over disbursements	-	-	-	1,990	3,821	111,485	354	(236,443)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	150,000
Transfers out	-	-	-	-	-	-	-	(150,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	1,990	3,821	111,485	354	(236,443)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,060)	\$ 201	\$ 143,637	\$ 22,427	\$ 2,874,706

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 138,373</u>	<u>\$ 80,116</u>

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Perry Central Multi-School Building Corporation	Renovation	\$ 109,500	3/11/2013	12/31/2026
Total of annual lease payments		<u>\$ 109,500</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Common school fund loan	\$ 2,212,500	\$ 391,244
General obligation bonds	Retirement/severance bond	1,360,000	208,616
Notes and loans payable	Temporary loan - technology	<u>188,727</u>	<u>77,790</u>
Total governmental activities		<u>3,761,227</u>	<u>677,650</u>
Totals		<u>\$ 3,761,227</u>	<u>\$ 677,650</u>

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 82,000
Buildings	18,784,621
Improvements other than buildings	2,095,475
Machinery, equipment, and vehicles	<u>2,425,177</u>
Total governmental activities	<u>23,387,273</u>
Total capital assets	<u>\$ 23,387,273</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE PERRY CENTRAL COMMUNITY SCHOOL CORPORATION, PERRY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Perry Central Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for 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 2017-006 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Child Nutrition Cluster regarding Program Income. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the possible effects of the matter 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, 2015 to June 30, 2017.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2015 to June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003, 2017-004, 2017-005, and 2017-007. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, and 2017-007, that we consider to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

November 27, 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.

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 15/16	\$ -	\$ 57,134	\$ -	\$ -
School Breakfast Program			FY 16/17	-	-	-	61,758
Total - School Breakfast Program				-	57,134	-	61,758
National School Lunch Program		10.555					
School Lunch Program			FY 15/16	-	237,256	-	-
School Lunch Program			FY 16/17	-	-	-	237,034
Commodities			FY 15/16	-	42,055	-	-
Commodities			FY 16/17	-	-	-	76,482
Total - National School Lunch Program				-	279,311	-	313,516
Total - Child Nutrition Cluster				-	336,445	-	375,274
Team Nutrition Grants	Indiana Department of Education	10.574					
Child & Adult Care Food Program			FY 15/16	-	28,140	-	-
Child & Adult Care Food Program			FY 16/17	-	-	-	25,335
Total - Team Nutrition Grants				-	28,140	-	25,335
Total - Department of Agriculture				-	364,585	-	400,609
Department of Education							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY2014 Part B IDEA 611			14214011PN01	-	13,854	-	-
FY2015 Part B IDEA 611			14215011PN01	-	121,094	-	15,370
FY2016 Part B IDEA 611			14216009PN01	-	106,235	-	137,512
FY 2017 Part B IDEA 611			14217009PN01	-	-	-	102,893
FY2014 Tech Assist Grant			99914011TA01	-	516	-	-
Total - Special Education_Grants to States				-	241,699	-	255,775
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY2015 Part B 619 Preschool			45715011PN01	-	2,930	-	-
FY2016 Part B 619 Preschool			45716009PN01	-	2,255	-	2,764
FY 2017 Part B 619 Preschool			45717009PN01	-	-	-	1,130
Total - Special Education_Preschool Grants				-	5,185	-	3,894
Total - Special Education Cluster (IDEA)				-	246,884	-	259,669
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Part A			15-6325	-	16,297	-	-
Title I Part A			16-6325	-	87,836	-	-
Title I Part A			17-6325	-	-	-	64,524
Total - Title I Grants to Local Educational Agencies				-	104,133	-	64,524

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Impact Aid	Indiana Department of Education	84.041					
Impact Aid			S041A-2015-1664	-	158,297	-	1,719
Impact Aid			S041A-2015-1664	-	-	-	1,726
Impact Aid			S041A-2014-1664	-	-	-	158,297
Total - Impact Aid				-	158,297	-	161,742
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
McKinney-Vento Homeless Grant			A58-5-15SS-2329	-	10,000	-	-
McKinney-Vento Homeless Grant			A58-7-17SS-3967	-	-	-	12,810
Total - Education for Homeless Children and Youth				-	10,000	-	12,810
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
Twenty-First Century Community Learning Centers			A58-5-15DL-0131	-	101,239	-	-
Twenty-First Century Community Learning Centers			A58-5-15DL-2227	-	10,715	-	-
Twenty-First Century Community Learning Centers			A58-6-16DL-3028	-	100,072	-	-
Twenty-First Century Community Learning Centers			A58-6-16DL-3050	-	187,061	-	-
Twenty-First Century Community Learning Centers			S287C150014	-	-	-	396,066
Total - Twenty-First Century Community Learning Centers				-	399,087	-	396,066
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A			14-6325	-	23,381	-	-
Title II Part A			A58-5-15CI-2485	-	517	-	-
Title II Part A			A58-6-16CI-3569	-	9,950	-	3,050
Title II Part A			S367A150015	-	10,356	-	17,798
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	44,204	-	20,848
Total - Department of Education				-	962,605	-	915,659
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Reimbursement			FY 15/16	-	60,040	-	-
Medicaid Reimbursement			FY 16/17	-	-	-	33,224
Total - Medical Assistance Program				-	60,040	-	33,224
Total - Medicaid Cluster				-	60,040	-	33,224
Total - Department of Health and Human Services				-	60,040	-	33,224
Total federal awards expended				\$ -	\$ 1,387,230	\$ -	\$ 1,349,492

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

PERRY CENTRAL COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

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

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

Note 2. *Summary of Significant Accounting Policies*

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

Note 3. *Exceptional Children's Cooperative*

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative). The Cooperative operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement of the School Corporation.

PERRY CENTRAL 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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.287	Child Nutrition Cluster Twenty-First Century Community Learning Centers	Qualified Unmodified

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

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

FINDING 2017-001

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 2015-001.

PERRY CENTRAL 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 federal award information within the School Corporation's annual report on the Indiana Gateway for Government Units financial reporting system, which was used to generate the School Corporation's SEFA, was entered by the Treasurer without a control process in place to ensure its accuracy before submission.

Context

The SEFA contained the following errors: commodities for the National School Lunch Program were not included; 3 grants had incorrect amounts reported; program titles were incorrect for 8 of the 11 grants; and pass-through entities were incorrect for all grants reported. In total, the SEFA was overstated by \$171,409.

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. . . .

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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit, except as related to Special Tests and Provisions - School Food Accounts. The prior audit finding number was 2015-003.

Condition

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, to ensure compliance with requirements related to the following compliance requirements: Activities Allowed or Unallowed, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity.

Activities Allowed or Unallowed

An effective internal control system was not in place to ensure all transactions that were paid from and recorded in the School Lunch fund were related to the operation of the school food service program. There was no segregation of duties, such as an oversight, review, or approval process to ensure expenditures were for allowable activities.

Eligibility

An effective internal control system was not in place to ensure that all determinations of eligibility were calculated correctly. There was no segregation of duties, such as an oversight, review, or approval process to ensure the information was correctly entered into the system.

Reporting

An effective internal control system was not in place to ensure that the Monthly Sponsor Claims for Reimbursement, Annual Financial Report, and Verification Summary were accurately prepared and submitted. There was no segregation of duties, such as an oversight, review, or approval process.

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

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

An effective internal control system was not in place to ensure that verification of free and reduced price applications was completed as required and that the supporting documentation of the verification process was retained and available for audit. There was no segregation of duties, such as an oversight, review, or approval process.

Special Tests and Provisions - School Food Accounts

An effective internal control system was not in place to ensure that the file folders containing the Sponsor Claims with attached Meals Served Reports for the 2015-2016 and 2016-2017 school years were reviewed. There was no segregation of duties, such as an oversight, review, or approval process to ensure revenue and expenditures are accurately recorded and reported.

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

An effective internal control system was not in place to ensure that the Paid Lunch Equity calculations were accurate. An oversight, review, or approval process had not been established.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls, including segregation of duties, that would have ensured that the School Corporation complied with the compliance requirements listed above.

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-003

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-005.

Condition

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

The School Corporation did not maintain the necessary documentation to support the employees' salaries and wages charged to the federal programs. For those employees that were paid entirely from the School Breakfast Program and National School Lunch Program (school food service programs), timesheets were being maintained. However, from July 1, 2015 to February 28, 2016, there was no signature of the employee or their immediate supervisor certifying that the work was performed by the employee. No other periodic certifications that the employees worked solely on that program for the audit period were maintained.

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

There were two employees that had a portion of their wages paid from the school food service programs. There was no documentation to support the portion of the School Corporation Secretary's wages that was charged to the program for both school years. There was no documentation to support the portion of the Extracurricular Treasurer's wages that was charged to the program until July 2016. Personnel activity reports were not being maintained for these employees for the undocumented time periods.

Context

The lack of controls and noncompliance related to timesheets was a systemic issue from July 1, 2015 to February 28, 2016. The lack of controls and noncompliance related to the proration of salaries was a systemic issue during school year 2015-2016 and through July 2016.

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

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

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

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,

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

- (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity.
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee. . . ."

2 CFR 200.430(i) states in part:

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

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

PERRY CENTRAL 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 2017-004

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-006.

Condition

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

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no oversight, review, or monitoring of the cash balances.

The School Corporation's cash balance (net cash resources) exceeded the 3 months average expenditures every month of school years 2015-2016 and 2016-2017.

Context

The lack of controls and the 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. . . ."

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

7 CFR 220.7(e) states in part:

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

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

Cause

The School Corporation's management had not designed or implemented an effective internal control system that would have ensured compliance with the cash management requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective internal control system to ensure compliance and comply with the Cash Management compliance requirement.

Views of Responsible Officials

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

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

FINDING 2017-005

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15/16, FY 16/17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-008.

Condition

Procurement

The School Corporation had not established an effective internal control system to ensure compliance with procurement requirements. There were no controls in place to ensure that that appropriate procurement methods were used.

Suspension and Debarment

The School Corporation had not established an effective internal control system to ensure compliance with suspension and debarment requirements. There were no controls in place to ensure vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not perform any procedures to verify that vendors without contracts with purchases over \$25,000 in a school year were not suspended or debarred from participation in federal programs.

Context

The lack of controls was a systemic issue throughout the audit period. The lack of compliance with suspension and debarments requirements was also a systemic issue throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 180.300 states:

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

You do this by:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2017-006

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-009.

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.

For the 2015-2016 school year, a single fund, the School Lunch fund, was used to account for all activity of the school food service program. There was no distinction between prepaid amounts and program income.

For the 2016-2017 school year, the School Corporation established a Prepaid Lunch/Breakfast fund with all the school lunch receipts receipted to the fund, but no transfers were made during the 2016-2017 school year to the School Lunch fund for the school lunch income generated by students and adults.

Context

The lack of controls was a systemic issue throughout the audit period. The commingling of funds prevented the ability to determine the School Corporation's compliance with the program income requirements.

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

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

award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(c) states:

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

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

7 CFR 220.7(e) states in part:

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

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

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (The School Administrator and Uniform Compliance Guidelines, September 2008)

2 CFR 200.302(b)(3) states:

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that prepaid receipts and program income receipts were properly identified and accounted for in order to allow for the determination of compliance with the Program Income compliance requirement.

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

Effect

The failure to establish an effective internal control system and the commingling of prepaid receipts and program income receipts prevented the determination of the School Corporation's compliance with the program income requirements. Noncompliance with the grant agreement and the program income requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the 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 2017-007

Subject: Twenty-First Century Community Learning Centers - Period of Availability

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): A58-5-15DL-0131, A58-5-15DL-2227

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Availability

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Period of Availability compliance requirement.

The School Corporation did not comply with the Period of Availability compliance requirement that all obligations for expenditures made from program funds were incurred within the period of performance. The obligation and payment of the claims did not occur within the period of performance for some transactions charged and recorded in the computerized accounting system.

Context

The grant agreement stated a period of availability of June 1, 2014 to May 31, 2015. There were two expenses charged on the School Corporation's credit card on June 3, 2015, totaling \$574, which were not incurred or expended during the period of availability.

PERRY CENTRAL 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. . . ."

34 CFR 80.23(a) states:

"*General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Period of Availability compliance requirement.

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 Period of Availability compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2015-001 Preparation of the Schedule of Expenditures of Federal Awards

Fiscal year in which the finding initially occurred: 2015

Contact Person Responsible for Corrective Action: Mary Roberson

Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning with the 2016-2017 school year, the Treasurer prepares the SEFA annually, and the assistant superintendent reviews it to ensure it is accurate and complete.

Finding 2015-002 Internal Controls over Financial Transactions and Reporting

Fiscal year in which the finding initially occurred: 2015

Contact Person Responsible for Corrective Action: Mary Roberson

Contact Phone Number: 812-843-5576

Status of Audit Finding:

In accordance with state law and the guidance from the audit, Perry Central is in the process of developing a policy to monitor controls and train employees.

In order to provide proper oversight and to document such oversight, the following actions began at the beginning of the 2016-2017 school year::

- 1. The superintendent reviews and signs off on all corporation and extracurricular bank reconciliation statements, checking that the balances agree with the ledger balances.*
- 2. The superintendent receives and reviews ECA fund balances via email each month. The superintendent receives and reviews printed copies each month of the Fund Report, Appropriation Report, and Revenue Report, and prepares these reports for the school board.*
- 3. An agenda item was been added to each monthly board meeting documenting the distribution of an appropriation report, an expenditure report, and a revenue report. Board members are given an opportunity to ask questions and discuss reports during the public meeting.*

Finding 2015-003 Internal Controls over Child Nutrition Cluster

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning with the 2016-2017 school year records are carefully preserved for testing - both with hard copies and through our electronic student information system. In the future if there is a transition of employees, the superintendent will insure that the transition includes proper procurement of records. We are continually developing internal controls, including segregation of duties, to ensure compliance with all the requirements of the Child Nutrition Cluster.

Finding 2015-004 Activities Allowed or Unallowed and Special Tests and Provisions – School Food Accounts

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

This practice has been stopped as soon as it was pointed out to us at the time of the audit (July, 2016) and will not occur again.

Finding 2015-005 Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning with the 2016-2017 school year, cafeteria employees sign their timecards weekly, and the supervisor signed them to verify hours. Since then we have begun to utilize an electronic clock system that uses a thumbprint or unique password. At the end of the payroll period, the cafeteria manager signs off on all cafeteria workers' time, and the ECA Treasurer signs off on the cafeteria manager's time. Time studies are conducted periodically (currently done 3 times per year) to insure that the percentage of salary paid from different accounts/funds are reflective of the work completed. The superintendent reviews

the studies when they are completed, and the superintendent and treasurer review the time studies and make adjustments if needed semi-annually.

Finding 2015-006 Cash Management

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

A plan was submitted and approved by the School Lunch Program for use of funds. The superintendent and ECA Treasurer monitor to the balances striving to insure that cash balance does not exceed allowable limit. We continually work with our state contact to have a plan in place to spend excess funds.

Finding 2015-007 Eligibility

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning in October of 2014 school year notifications are maintained in a binder for review by the auditors. Access to electronic records are available through our student information system. We continue to work with our provider to insure access throughout various updates. All applications are retained for audit purposes.

Finding 2015-008 Procurement and Suspension and Debarment

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning in the 2016-2017 school year, contracts will be entered into with successful vendors and a statement added to contracts over \$25,000 that the company or individual is not suspended or disbarred from participation in federal programs.

Finding 2015-009 Program Income

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning in the 2016-2017 income is now broken down into categories in the ledger. Daily collection reports are printed and saved for audit. A pre-paid trust account has been established and is in use.

Finding 2015-010 Reporting

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning in the 2016-2017 reports are reviewed to insure that data is input correctly and to make sure the Annual Financial Report agrees with the ledger.

Finding 2015-011 Special Tests and Provisions – Verification of Free and Reduced Applications (NSLP)

Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

This finding was an error on our part. Beginning immediately following the audit (2016-2017 school year) Information to support the food service program verification of eligibility was retained for audit and records carefully checked. This process has been implemented with an organized system of applications being held in binders.

Finding 2015-012 Special Tests and Provisions – Paid Lunch Equity

Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning with the 2016-2017 the superintendent and the ECA Treasurer insure the calculation is done each year, and that lunch prices are raised to reflect amount dictated by the formula in accordance with guidance from the School Lunch Program.

Finding 2015-013 Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:


Beginning in the 2016-2017 time records are maintained to support the salary and wages paid from the 21st Century Community Learning Center Grants.

Finding 2015-014 Suspension and Debarment

Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Status of Audit Finding:

Beginning in August 2016, the superintendent as a member of the Board of the Exceptional Children's Co-op, the superintendent works with the Director of the Exceptional Children's Co-op to verify that vendors are not suspended or debarred from participating in federal assistance programs prior to awarding contracts with them.



Signature

Superintendent
Title

11-12-2018

Corrective Action Plan for Audit Completed in November 2018 for 2015-2016 and 2016-2017

Finding 2017-001 Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Treasurer will prepare the SEFA and assistant superintendent will review it to ensure it is accurate and complete.

Anticipated Completion Date: It was completed by the end of the 2017-2018 School year.

Finding 2017-002 Child Nutrition Cluster – Internal Controls

Contact Person Responsible for Corrective Action: Mary Roberson
Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Activities Allowed or Unallowed: The Accounts Payable Voucher will be attached to every disbursement claim and signed off by the individual approving purchases and the person documenting receipt.

Eligibility: An online application system is now being utilized so that parents enter their own data into the system. The online applications are verified by the ECA treasurer. The ECA treasurer and office clerk enter lunch applications into the system. Eligibility is verified by the ECA Treasurer. Following this process, a list is printed and reviewed by the superintendent to check for potential issues.

Reporting: Each month the ECA treasurer sends a report of account balances to the superintendent, principals, and all club sponsors. This allows for oversight of account income and expenditures. In addition, reports are submitted annually to the school board. In addition, monthly sponsor claims for

reimbursement, Annual Financial Report, and verification summaries are shared with the superintendent and initialed.

Verification of Applications: After the ECA treasurer makes determinations of free and reduced lunch applications, another office staff member does a random check of 10-20 applications per year and initialed for accuracy.

Paid Lunch Calculation – Each year the ECA treasurer calculates the amount to be paid by full pay students. This calculation is reviewed by the superintendent and approved by the school board.

Anticipated Completion Date: This was completed for 2017-2018 school year.

Finding 2017-003 Child Nutrition Cluster – Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Mary Roberson

Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Beginning with the 2016-2017 school year, cafeteria employees sign their timecards weekly, and the supervisor signed them to verify hours. Since then we have begun to utilize an electronic clock system that uses a thumbprint or unique password. At the end of the payroll period, the cafeteria manager signs off on all cafeteria workers' time, and the ECA Treasurer signs off on the cafeteria manager's time.

Time studies are conducted periodically (currently done 3 times per year) to insure that the percentage of salary paid from different accounts/funds are reflective of the work completed. The superintendent reviews the studies when they are completed, and the superintendent and treasurer review the time studies and make adjustments if needed semi-annually.

Anticipated Completion Date: This has already been resolved. It was resolved after the last audit, but since the prior audit occurred after this finding, it showed up as a repeat finding.

Finding 2017-004 Child Nutrition Cluster – Cash Management

Contact Person Responsible for Corrective Action: Mary Roberson

Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: A plan was submitted and approved by the School Lunch Program for use of funds. In the future, the superintendent will monitor to insure that internal controls are in place so that cash balance does not exceed allowable limit.

Anticipated Completion Date: Immediate

Finding 2017-005 Child Nutrition Cluster – Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Mary Roberson

Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Beginning in July 2018 school year, contracts will be entered into with successful vendors and a statement added to contracts over \$25,000 that the company or individual is not suspended or disbarred from participation in federal programs.

Anticipated Completion Date: This issue has been addressed. The audit period occurred after this finding, but for a period not covered by the previous audit.

Finding 2017-006 Child Nutrition Cluster – Program Income

Contact Person Responsible for Corrective Action: Mary Roberson

Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Beginning in the 2016-2017 income is now broken down into categories in the ledger. Daily collection reports are printed and saved for audit. A pre-paid trust account has been established and is in use.

Anticipated Completion Date: This was completed by the end of the 2017-2018 school year.

Finding 2017-007 Twenty-First Century Community Centers – Period of Performance

Contact Person Responsible for Corrective Action: Mary Roberson

Contact Phone Number: 812-843-5576

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: This was an error on our part. We apologize for the error and have taken steps to insure that it will not occur again. We have a new treasurer, who closely adheres to grant procedures, and oversight is provided by our assistant superintendent.

Anticipated Completion Date: Immediate



(Signature)

Superintendent

(Title)

November 19, 2018

(Date)

OTHER REPORTS

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