

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SUNMAN-DEARBORN COMMUNITY
SCHOOL CORPORATION
DEARBORN COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
02/01/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Ann Baines	01-09-15 to 12-31-18
Superintendent of Schools	Dr. Andrew Jackson	07-01-15 to 06-30-19
President of the School Board	Michael Norman	01-01-15 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SUNMAN-DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Sunman-Dearbourn 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 December 12, 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

December 12, 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 SUNMAN-DEARBORN COMMUNITY
SCHOOL CORPORATION, DEARBORN 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 Sunman-Dearborn 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 December 12, 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.

Sunman-Dearborn 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

December 12, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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SUNMAN-DEARBORN 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	\$ 23,033	\$ 25,376,754	\$ 23,890,849	\$ 8,578	\$ 1,517,516	\$ 25,290,220	\$ 24,296,961	\$ 6,264	\$ 2,517,039
Debt Service	4,498,758	6,295,743	6,847,683	-	3,946,818	6,047,086	6,851,440	-	3,142,464
Retirement/Severance Bond Debt Service	698,804	1,073,543	1,072,720	-	699,627	989,755	1,077,768	-	611,614
Capital Projects	1,597,490	2,664,857	3,088,985	-	1,173,362	2,760,504	2,805,059	-	1,128,807
School Transportation	2,208,273	2,970,913	1,639,816	(1,200,000)	2,339,370	3,032,440	2,290,310	(1,500,000)	1,581,500
School Bus Replacement	1,151,140	878,940	1,438,104	-	591,976	886,878	1,015,991	-	462,863
Rainy Day	1,542,171	653,188	383,907	1,200,000	3,011,452	273,667	721,090	1,500,000	4,064,029
Retirement/Severance Bond	321,785	-	111,528	-	210,257	-	86,784	-	123,473
School Lunch	382,400	1,710,556	1,578,114	-	514,842	1,664,966	1,676,425	-	503,383
Textbook Rental	62,897	595,922	409,646	34,376	283,549	425,373	550,670	38,523	196,775
Levy Excess	1,078	-	-	(1,078)	-	-	-	-	-
Educational License Plates	4,332	-	-	-	4,332	-	4,332	-	-
Compreh. Couns. Planning Grant	-	-	-	-	-	30,000	24,122	-	5,878
Summer Art	714	-	714	-	-	-	-	-	-
Success By 6 - United Way	-	6,000	705	-	5,295	-	5,295	-	-
L'Burg Grant 2016-17	-	240,562	-	-	240,562	245,107	240,562	-	245,107
Jack's Forever 3 Grant	-	-	-	-	-	3,300	3,300	-	-
Envoy Scholarships	8,163	-	-	-	8,163	-	8,163	-	-
Donation-Education Foundation	(243)	243	-	-	-	-	-	-	-
City of Lawrenceburg Grant	314,370	-	314,370	-	-	-	-	-	-
EDUC Foundation	34,567	-	34,333	-	234	-	234	-	-
S-D Endowment Grants 15-16	-	68,289	29,284	-	39,005	200	39,205	-	-
S-D Endowment Grants 16-17	-	-	-	-	-	91,941	48,408	-	43,533
Instructional Support	-	7,300	10,950	-	(3,650)	39,145	35,495	-	-
S.E.E.C. Ohio Valley	-	-	10,107	-	(10,107)	38,230	31,500	-	(3,377)
Formative Assessment	-	38,992	38,992	-	-	49,195	49,195	-	-
High Ability Grant	8,685	43,656	41,991	-	10,350	42,664	42,965	-	10,049
S-DIS Outdoor Lab	1,484	-	-	-	1,484	-	-	-	1,484
Computer Consortium/Ed Tech Advance	-	-	-	-	-	94,050	94,050	-	-
Secured Schools Safety Grant	(12,140)	49,982	53,842	-	(16,000)	34,843	42,258	-	(23,415)
Non-English Speaking Programs	-	3,845	3,845	-	-	4,976	4,976	-	-
School Technology	899	8,724	9,623	-	-	10,628	10,628	-	-
Career and Technical Performance Grant	-	-	-	-	-	38,576	34,855	-	3,721
Performance Based Awards	6,264	-	-	-	6,264	-	-	(6,264)	-
Technology Planning Grant	-	-	16,502	-	(16,502)	30,000	13,498	-	-
E-Rate Technology	43,013	14,512	71,595	-	(14,070)	19,975	5,905	-	-
E-Rate Category 2	-	-	213,577	-	(213,577)	261,547	47,970	-	-
Title I	(14,835)	305,665	305,710	-	(14,880)	280,393	284,229	-	(18,716)
Improving Teacher Quality, No Child Left, Title II, Part A	(7,437)	65,847	77,787	-	(19,377)	95,541	80,908	-	(4,744)
Title III - English Proficiency Migrant	-	-	9	-	(9)	2,158	2,149	-	-
Title III - Lawrenceburg	-	505	505	-	-	-	-	-	-
Athletics	-	30,004	30,004	-	-	26,250	26,250	-	-
Payroll	19,916	5,658,576	5,678,484	-	8	5,670,267	5,670,275	-	-
Pre-Paid Lunch	25,488	1,056,977	1,056,215	-	26,250	1,030,066	1,028,971	-	27,345
Totals	\$ 12,921,069	\$ 49,820,095	\$ 48,460,496	\$ 41,876	\$ 14,322,544	\$ 49,509,941	\$ 49,252,196	\$ 38,523	\$ 14,618,812

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

SUNMAN-DEARBORN 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.

SUNMAN-DEARBORN 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.

SUNMAN-DEARBORN 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.

SUNMAN-DEARBORN 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

SUNMAN-DEARBORN 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.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures by the School Corporation were not received by June 30, 2016 and 2017.

Note 8. Holding Corporations

The School Corporation has entered into various capital leases with Sunman-Dearborn Intermediate School Building Corporation, Sunman-Dearborn High School Building Corporation, and Northeast Dearborn School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the fiscal years ending June 30, 2016 and 2017, totaled \$6,321,000 each year.

Note 9. Other Postemployment Benefits

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

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 23,033	\$ 4,498,758	\$ 698,804	\$ 1,597,490	\$ 2,208,273	\$ 1,151,140	\$ 1,542,171	\$ 321,785	\$ 382,400
Receipts:									
Local sources	2,219,709	6,295,743	1,073,543	2,664,857	2,970,913	878,940	653,188	-	1,086,700
Intermediate sources	30	-	-	-	-	-	-	-	-
State sources	23,157,015	-	-	-	-	-	-	-	32,124
Federal sources	-	-	-	-	-	-	-	-	587,260
Other receipts	-	-	-	-	-	-	-	-	4,472
Total receipts	<u>25,376,754</u>	<u>6,295,743</u>	<u>1,073,543</u>	<u>2,664,857</u>	<u>2,970,913</u>	<u>878,940</u>	<u>653,188</u>	<u>-</u>	<u>1,710,556</u>
Disbursements:									
Instruction	17,742,637	-	-	-	-	-	368,519	26,826	-
Support services	5,756,986	34,376	-	954,708	1,639,816	1,438,104	15,388	84,702	35,042
Noninstructional services	391,226	-	-	-	-	-	-	-	1,543,072
Facilities acquisition and construction	-	-	-	2,134,277	-	-	-	-	-
Debt service	-	6,813,307	1,072,720	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>23,890,849</u>	<u>6,847,683</u>	<u>1,072,720</u>	<u>3,088,985</u>	<u>1,639,816</u>	<u>1,438,104</u>	<u>383,907</u>	<u>111,528</u>	<u>1,578,114</u>
Excess (deficiency) of receipts over disbursements	<u>1,485,905</u>	<u>(551,940)</u>	<u>823</u>	<u>(424,128)</u>	<u>1,331,097</u>	<u>(559,164)</u>	<u>269,281</u>	<u>(111,528)</u>	<u>132,442</u>
Other financing sources (uses):									
Sale of capital assets	7,500	-	-	-	-	-	-	-	-
Transfers in	1,078	-	-	-	-	-	1,200,000	-	-
Transfers out	-	-	-	-	(1,200,000)	-	-	-	-
Total other financing sources (uses)	<u>8,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,494,483</u>	<u>(551,940)</u>	<u>823</u>	<u>(424,128)</u>	<u>131,097</u>	<u>(559,164)</u>	<u>1,469,281</u>	<u>(111,528)</u>	<u>132,442</u>
Cash and investments - ending	\$ <u>1,517,516</u>	\$ <u>3,946,818</u>	\$ <u>699,627</u>	\$ <u>1,173,362</u>	\$ <u>2,339,370</u>	\$ <u>591,976</u>	\$ <u>3,011,452</u>	\$ <u>210,257</u>	\$ <u>514,842</u>

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

	Textbook Rental	Levy Excess	Educational License Plates	Compreh. Couns. Planning Grant	Summer Art	Success By 6 - United Way	L'Burg Grant 2016-17	Jack's Forever 3 Grant	Envoy Scholarships
Cash and investments - beginning	\$ 62,897	\$ 1,078	\$ 4,332	\$ -	\$ 714	\$ -	\$ -	\$ -	\$ 8,163
Receipts:									
Local sources	525,503	-	-	-	-	6,000	240,562	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	70,419	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>595,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>240,562</u>	<u>-</u>	<u>-</u>
Disbursements:									
Instruction	-	-	-	-	714	705	-	-	-
Support services	409,646	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>409,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714</u>	<u>705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>186,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(714)</u>	<u>5,295</u>	<u>240,562</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	34,376	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(1,078)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>34,376</u>	<u>(1,078)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>220,652</u>	<u>(1,078)</u>	<u>-</u>	<u>-</u>	<u>(714)</u>	<u>5,295</u>	<u>240,562</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 283,549</u>	<u>\$ -</u>	<u>\$ 4,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,295</u>	<u>\$ 240,562</u>	<u>\$ -</u>	<u>\$ 8,163</u>

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

	Donation- Education Foundation	City of Lawrenceburg Grant	EDUC Foundation	S-D Endowment Grants 15-16	S-D Endowment Grants 16-17	Instructional Support	S.E.E.C. Ohio Valley	Formative Assessment	High Ability Grant
Cash and investments - beginning	\$ (243)	\$ 314,370	\$ 34,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,685
Receipts:									
Local sources	243	-	-	68,289	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	7,300	-	38,992	43,656
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	243	-	-	68,289	-	7,300	-	38,992	43,656
Disbursements:									
Instruction	-	314,370	-	25,627	-	-	10,107	-	41,991
Support services	-	-	34,333	3,657	-	10,950	-	38,992	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	314,370	34,333	29,284	-	10,950	10,107	38,992	41,991
Excess (deficiency) of receipts over disbursements	243	(314,370)	(34,333)	39,005	-	(3,650)	(10,107)	-	1,665
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	243	(314,370)	(34,333)	39,005	-	(3,650)	(10,107)	-	1,665
Cash and investments - ending	\$ -	\$ -	\$ 234	\$ 39,005	\$ -	\$ (3,650)	\$ (10,107)	\$ -	\$ 10,350

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2016

	S-DIS Outdoor Lab	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Technology Planning Grant	E-Rate Technology
Cash and investments - beginning	\$ 1,484	\$ -	\$ (12,140)	\$ -	\$ 899	\$ -	\$ 6,264	\$ -	\$ 43,013
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	49,982	3,845	8,724	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	14,512
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	49,982	3,845	8,724	-	-	-	14,512
Disbursements:									
Instruction	-	-	37,842	3,845	-	-	-	-	-
Support services	-	-	16,000	-	9,623	-	-	16,502	71,595
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	53,842	3,845	9,623	-	-	16,502	71,595
Excess (deficiency) of receipts over disbursements	-	-	(3,860)	-	(899)	-	-	(16,502)	(57,083)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(3,860)	-	(899)	-	-	(16,502)	(57,083)
Cash and investments - ending	\$ 1,484	\$ -	\$ (16,000)	\$ -	\$ -	\$ -	\$ 6,264	\$ (16,502)	\$ (14,070)

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2016

	E-Rate Category 2	Title I	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Title III - Lawrenceburg	Athletics	Payroll	Pre-Paid Lunch	Totals
Cash and investments - beginning	\$ -	\$ (14,835)	\$ (7,437)	\$ -	\$ -	\$ -	\$ 19,916	\$ 25,488	\$ 12,921,069
Receipts:									
Local sources	-	-	-	-	-	30,004	-	-	18,714,194
Intermediate sources	-	-	-	-	-	-	-	-	30
State sources	-	-	-	-	505	-	-	-	23,412,562
Federal sources	-	305,665	65,847	-	-	-	-	-	973,284
Other receipts	-	-	-	-	-	-	5,658,576	1,056,977	6,720,025
Total receipts	-	305,665	65,847	-	505	30,004	5,658,576	1,056,977	49,820,095
Disbursements:									
Instruction	-	295,442	8,579	-	505	-	-	-	18,877,709
Support services	-	10,268	69,208	9	-	-	-	-	10,649,905
Noninstructional services	-	-	-	-	-	30,004	-	-	1,964,302
Facilities acquisition and construction	213,577	-	-	-	-	-	-	-	2,347,854
Debt service	-	-	-	-	-	-	-	-	7,886,027
Nonprogrammed charges	-	-	-	-	-	-	5,678,484	1,056,215	6,734,699
Total disbursements	213,577	305,710	77,787	9	505	30,004	5,678,484	1,056,215	48,460,496
Excess (deficiency) of receipts over disbursements	(213,577)	(45)	(11,940)	(9)	-	-	(19,908)	762	1,359,599
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	41,876
Transfers in	-	-	-	-	-	-	-	-	1,201,078
Transfers out	-	-	-	-	-	-	-	-	(1,201,078)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	41,876
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(213,577)	(45)	(11,940)	(9)	-	-	(19,908)	762	1,401,475
Cash and investments - ending	\$ (213,577)	\$ (14,880)	\$ (19,377)	\$ (9)	\$ -	\$ -	\$ 8	\$ 26,250	\$ 14,322,544

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,517,516	\$ 3,946,818	\$ 699,627	\$ 1,173,362	\$ 2,339,370	\$ 591,976	\$ 3,011,452	\$ 210,257	\$ 514,842
Receipts:									
Local sources	2,040,829	6,045,619	989,513	2,759,813	3,031,713	886,660	273,667	-	1,058,465
Intermediate sources	51	1,467	242	691	727	218	-	-	-
State sources	23,249,340	-	-	-	-	-	-	-	31,047
Federal sources	-	-	-	-	-	-	-	-	571,222
Other receipts	-	-	-	-	-	-	-	-	4,232
Total receipts	<u>25,290,220</u>	<u>6,047,086</u>	<u>989,755</u>	<u>2,760,504</u>	<u>3,032,440</u>	<u>886,878</u>	<u>273,667</u>	<u>-</u>	<u>1,664,966</u>
Disbursements:									
Instruction	18,105,078	-	-	-	-	-	-	21,056	-
Support services	5,794,082	38,523	-	977,853	2,290,310	1,015,991	721,090	65,728	47,316
Noninstructional services	397,801	-	-	-	-	-	-	-	1,526,017
Facilities acquisition and construction	-	-	-	1,827,206	-	-	-	-	-
Debt service	-	6,812,917	1,077,768	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	103,092
Total disbursements	<u>24,296,961</u>	<u>6,851,440</u>	<u>1,077,768</u>	<u>2,805,059</u>	<u>2,290,310</u>	<u>1,015,991</u>	<u>721,090</u>	<u>86,784</u>	<u>1,676,425</u>
Excess (deficiency) of receipts over disbursements	<u>993,259</u>	<u>(804,354)</u>	<u>(88,013)</u>	<u>(44,555)</u>	<u>742,130</u>	<u>(129,113)</u>	<u>(447,423)</u>	<u>(86,784)</u>	<u>(11,459)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	6,264	-	-	-	-	-	1,500,000	-	-
Transfers out	-	-	-	-	(1,500,000)	-	-	-	-
Total other financing sources (uses)	<u>6,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>999,523</u>	<u>(804,354)</u>	<u>(88,013)</u>	<u>(44,555)</u>	<u>(757,870)</u>	<u>(129,113)</u>	<u>1,052,577</u>	<u>(86,784)</u>	<u>(11,459)</u>
Cash and investments - ending	\$ <u>2,517,039</u>	\$ <u>3,142,464</u>	\$ <u>611,614</u>	\$ <u>1,128,807</u>	\$ <u>1,581,500</u>	\$ <u>462,863</u>	\$ <u>4,064,029</u>	\$ <u>123,473</u>	\$ <u>503,383</u>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2017

	Textbook Rental	Levy Excess	Educational License Plates	Compreh. Couns. Planning Grant	Summer Art	Success By 6 - United Way	L'Burg Grant 2016-17	Jack's Forever 3 Grant	Envoy Scholarships
Cash and investments - beginning	\$ 283,549	\$ -	\$ 4,332	\$ -	\$ -	\$ 5,295	\$ 240,562	\$ -	\$ 8,163
Receipts:									
Local sources	354,853	-	-	30,000	-	-	245,107	3,300	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	70,520	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>425,373</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>245,107</u>	<u>3,300</u>	<u>-</u>
Disbursements:									
Instruction	-	-	-	-	-	5,295	240,562	3,300	-
Support services	550,670	-	4,332	24,122	-	-	-	-	8,163
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>550,670</u>	<u>-</u>	<u>4,332</u>	<u>24,122</u>	<u>-</u>	<u>5,295</u>	<u>240,562</u>	<u>3,300</u>	<u>8,163</u>
Excess (deficiency) of receipts over disbursements	<u>(125,297)</u>	<u>-</u>	<u>(4,332)</u>	<u>5,878</u>	<u>-</u>	<u>(5,295)</u>	<u>4,545</u>	<u>-</u>	<u>(8,163)</u>
Other financing sources (uses):									
Sale of capital assets	38,523	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>38,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(86,774)</u>	<u>-</u>	<u>(4,332)</u>	<u>5,878</u>	<u>-</u>	<u>(5,295)</u>	<u>4,545</u>	<u>-</u>	<u>(8,163)</u>
Cash and investments - ending	<u>\$ 196,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,107</u>	<u>\$ -</u>	<u>\$ -</u>

SUNMAN-DEARBORN 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

	Donation- Education Foundation	City of Lawrenceburg Grant	EDUC Foundation	S-D Endowment Grants 15-16	S-D Endowment Grants 16-17	Instructional Support	S.E.E.C. Ohio Valley	Formative Assessment	High Ability Grant
Cash and investments - beginning	\$ -	\$ -	\$ 234	\$ 39,005	\$ -	\$ (3,650)	\$ (10,107)	\$ -	\$ 10,350
Receipts:									
Local sources	-	-	-	200	91,941	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	39,145	38,230	49,195	42,664
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	200	91,941	39,145	38,230	49,195	42,664
Disbursements:									
Instruction	-	-	-	750	44,261	-	31,500	-	42,965
Support services	-	-	234	38,455	4,147	35,495	-	49,195	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	234	39,205	48,408	35,495	31,500	49,195	42,965
Excess (deficiency) of receipts over disbursements	-	-	(234)	(39,005)	43,533	3,650	6,730	-	(301)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(234)	(39,005)	43,533	3,650	6,730	-	(301)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 43,533	\$ -	\$ (3,377)	\$ -	\$ 10,049

SUNMAN-DEARBORN 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

	S-DIS Outdoor Lab	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	Technology Planning Grant	E-Rate Technology
Cash and investments - beginning	\$ 1,484	\$ -	\$ (16,000)	\$ -	\$ -	\$ -	\$ 6,264	\$ (16,502)	\$ (14,070)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	94,050	34,843	4,976	10,628	14,598	-	30,000	-
Federal sources	-	-	-	-	-	23,978	-	-	19,975
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	94,050	34,843	4,976	10,628	38,576	-	30,000	19,975
Disbursements:									
Instruction	-	-	-	4,976	-	34,855	-	-	-
Support services	-	94,050	42,258	-	10,628	-	-	13,498	5,905
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	94,050	42,258	4,976	10,628	34,855	-	13,498	5,905
Excess (deficiency) of receipts over disbursements	-	-	(7,415)	-	-	3,721	-	16,502	14,070
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(6,264)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(6,264)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(7,415)	-	-	3,721	(6,264)	16,502	14,070
Cash and investments - ending	\$ 1,484	\$ -	\$ (23,415)	\$ -	\$ -	\$ 3,721	\$ -	\$ -	\$ -

SUNMAN-DEARBORN 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

	E-Rate Category 2	Title I	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Title III - Lawrenceburg	Athletics	Payroll	Pre-Paid Lunch	Totals
Cash and investments - beginning	\$ (213,577)	\$ (14,880)	\$ (19,377)	\$ (9)	\$ -	\$ -	\$ 8	\$ 26,250	\$ 14,322,544
Receipts:									
Local sources	-	-	-	-	-	26,250	-	-	17,837,930
Intermediate sources	-	-	-	-	-	-	-	-	3,396
State sources	-	-	-	2,158	-	-	-	-	23,711,394
Federal sources	261,547	280,393	95,541	-	-	-	-	-	1,252,656
Other receipts	-	-	-	-	-	-	5,670,267	1,030,066	6,704,565
Total receipts	261,547	280,393	95,541	2,158	-	26,250	5,670,267	1,030,066	49,509,941
Disbursements:									
Instruction	-	262,219	-	59	-	-	-	-	18,796,876
Support services	-	22,010	80,908	2,090	-	-	-	-	11,937,053
Noninstructional services	-	-	-	-	-	26,250	-	-	1,950,068
Facilities acquisition and construction	47,970	-	-	-	-	-	-	-	1,875,176
Debt service	-	-	-	-	-	-	-	-	7,890,685
Nonprogrammed charges	-	-	-	-	-	-	5,670,275	1,028,971	6,802,338
Total disbursements	47,970	284,229	80,908	2,149	-	26,250	5,670,275	1,028,971	49,252,196
Excess (deficiency) of receipts over disbursements	213,577	(3,836)	14,633	9	-	-	(8)	1,095	257,745
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	38,523
Transfers in	-	-	-	-	-	-	-	-	1,506,264
Transfers out	-	-	-	-	-	-	-	-	(1,506,264)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	38,523
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	213,577	(3,836)	14,633	9	-	-	(8)	1,095	296,268
Cash and investments - ending	\$ -	\$ (18,716)	\$ (4,744)	\$ -	\$ -	\$ -	\$ -	\$ 27,345	\$ 14,618,812

SUNMAN-DEARBORN 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>\$ 410,322</u>	<u>\$ 1,946,806</u>

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Northeast Dearborn School Building Corporation	Qualified School Construction Bond	\$ 8,500	12/09/2010	07/01/2021
Sunman-Dearborn High School Building Corporation	Renovation and Addition to East Central High School	3,255,000	07/15/2013	01/15/2026
Sunman-Dearborn Intermediate School Building Corporation	MS renovation and construction of IS	<u>3,066,000</u>	07/05/2005	01/05/2021
Total of annual lease payments		<u>\$ 6,329,500</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
Notes and loans payable	Common School Loan		\$ 1,761,461	\$ 502,537
Notes and loans payable	Pension Bond		<u>7,680,000</u>	<u>1,070,134</u>
Totals			<u>\$ 9,441,461</u>	<u>\$ 1,572,671</u>

SUNMAN-DEARBORN 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	\$ 1,116,000
Infrastructure	2,362,087
Buildings	171,522,200
Machinery, equipment, and vehicles	9,605,196
Books and other	<u>100,000</u>
Total capital assets	<u>\$ 184,705,483</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 SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION, DEARBORN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Sunman-Dearborn 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. 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.

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

Opinion on Each 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 each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

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

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

December 12, 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.

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SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY16	\$ -	\$ 91,152	\$ -	\$ -
School Breakfast Program			FY17	-	-	-	87,338
Total - School Breakfast Program				-	91,152	-	87,338
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY16	-	496,108	-	-
Commodities			FY17	-	-	-	483,884
				-	130,762	-	156,977
Total - National School Lunch Program				-	626,870	-	640,861
Total - Child Nutrition Cluster				-	718,022	-	728,199
Total - Department of Agriculture				-	718,022	-	728,199
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Special Education	Indiana Department of Education	84.027	14214-052-PN01	-	1,204	-	-
Special Education			14215-052-PN01	-	459,198	-	-
Special Education			14216-052-PN01	-	500,802	-	461,155
Special Education			14217-052-PN01	-	-	-	614,379
Special Education			99914-052-TA01	-	5,860	-	-
Total - Special Education_Grants to States				-	967,064	-	1,075,534
Special Education_Preschool Grants							
Special Education	Indiana Department of Education	84.173	45714-052-PN01	-	525	-	-
Special Education			45715-052-PN01	-	45,777	-	-
Special Education			45716-052-PN01	-	398	-	46,703
Special Education			45717-052-PN01	-	-	-	2,139
Total - Special Education_Preschool Grants				-	46,700	-	48,842
Total - Special Education Cluster (IDEA)				-	1,013,764	-	1,124,376
Title I Grants to Local Educational Agencies							
Title I	Indiana Department of Education	84.010					
Title I			15-1560	-	87,552	-	-
Title I			16-1560	-	218,113	-	78,682
Title I			17-1560	-	-	-	201,711
Total - Title I Grants to Local Educational Agencies				-	305,665	-	280,393
Supporting Effective Instruction State Grants							
Title IIA	Indiana Department of Education	84.367					
Title IIA			FY13	-	16,016	-	-
Title IIA			FY14	-	49,831	-	36,255
Title IIA			FY15	-	-	-	59,287
Total - Supporting Effective Instruction State Grants				-	65,847	-	95,542
Total - Department of Education				-	1,385,276	-	1,500,311
Total federal awards expended				\$ -	\$ 2,103,298	\$ -	\$ 2,228,510

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

SUNMAN-DEARBORN 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. *Special Education Cooperative*

The School Corporation is a member of a Special Education Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

SUNMAN-DEARBORN 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:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

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.

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).

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

1. The Child Nutrition Cluster expenditures were overstated by \$2,189,914.
2. The Special Education Cluster (IDEA) expenditures were understated by \$730,134.

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

Context

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

Criteria

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

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

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

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

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

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

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:

SUNMAN-DEARBORN 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.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 14216-052-PN01, 14217-052-PN01;
45716-052-PN01, 45717-052-PN01
Pass Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation was a participating member school of a Special Education Cooperative (Cooperative). The School Corporation designated a fiscal agent from the Cooperative to receive and manage the funding of the special education programs. The School Corporation relied on the Cooperative to comply with the procurement and suspension and debarment requirements; however, because the grant agreements were between the Indiana Department of Education and each member school of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

Procurement

The School Corporation had not established effective controls to ensure that proper procurement procedures were followed by the Cooperative. They did not have internal controls in place to ensure that the purchasing methods used by the Cooperative complied with their procurement procedures and applicable state, local, and federal requirements. Additionally, the School Corporation did not have internal controls in place to ensure that the Cooperative properly documented the history of their procurements, including the rationale for method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.

The Cooperative contracted for personal services with different vendors, including several with yearly contracts that exceeded the \$3,500 threshold for small purchases. The Cooperative did not obtain price or rate quotations from an adequate number of qualified sources as required for the contracts that were anticipated to be over the \$3,500 threshold.

Suspension and Debarment

The School Corporation did not have internal controls in place to ensure contracted vendors that exceeded \$25,000 in the aggregate were not suspended or debarred from participation in the federal program.

The Cooperative entered into one contract with a vendor that exceeded \$25,000. They did not perform any procedures to verify that the vendor was not suspended or debarred from participation in the federal program prior to the contract.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

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

2 CFR 180.300 states:

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

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."

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed or implemented a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to remain 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 related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2017-003

Subject: Child Nutrition Cluster - Reporting, 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): FY16, FY17
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting, Program Income
Audit Finding: Material Weakness

Repeat Finding

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

Condition

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

Reporting

One employee completed and submitted all required reports, including the monthly sponsor claims, Annual Financial Reports, and Verification Summary Reports. There was no oversight, review, or approval to ensure the accuracy of the reports prior to submission.

SUNMAN-DEARBORN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Program Income

The School Corporation had not established controls to ensure that receipts generated from the cafeteria sales were properly recorded. One employee transferred sales from the Pre-Paid Lunch fund to the School Lunch fund without an oversight, review, or approval process in place to ensure that the amount transferred was accurate.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the 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 to ensure compliance with the grant agreement and the Reporting and Program Income compliance requirements.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



Sunman-Dearborn Community Schools
1 Trojan Place, Suite B
St. Leon, IN 47012

Dr. Andrew Jackson
Superintendent

Ms. Cindy Morton
Director of Support Services

Ms. Mary Ann Baines
Director of Financial Operations

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2013
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
 Contact Person Responsible for Corrective Action: Mary Ann Baines
 Contact Phone Number: 812-623-2291 Ext. 10907

Status of Audit Finding: Prior to submission of our AFR in Gateway the report is reviewed and signed off by both the Superintendent and Director of Financial Operations. This procedure was implemented beginning with the 2016-17 AFR.

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015
 Pass-Through Entity: Indiana Department of Education
 Contact Person Responsible for Corrective Action: Mary Ann Baines
 Contact Phone Number: 812-623-2291 Ext. 10907

Status of Audit Finding: Beginning with the June 30, 2017 quarter the Director of Financial Operations and Director of Food & Nutrition Services (DFS) review the quarterly cash balance in the School Lunch/Breakfast fund. Both parties initial the tracking spreadsheet.

Beginning with the May 2016 School Lunch and Break reimbursement request the Food Service Administrative Assistant prepares the claim and then forwards to the DFS for review and approval. The request is initialed by both parties. The reimbursement claim is then submitted to the state for reimbursement by the Food Service Administrative Assistant.

Beginning with the 2016-17 AFR, the Food Service Administrative assistant provides the DFS with reports for expenditures and revenues for the year. The DFS then prepares the AFR. The AFR is then sent to the Director of Financial Operations, she reviews the report and confirms expenditure and revenue amounts are correct. The DFS and Director of Financial Operations then initial the report and the DFS submits report.

Beginning with the 2017-18 school year the free and reduced applications that have been completed by the building principals are sent to each buildings Food & Nutrition Services Manager. The Food Service Manager then enters the application into the system and initials the application and forwards to the DFS. The DFS then checks the system to confirm the application was entered correctly.

Beginning with the 2017-18 school year the verification process are reviewed by both the Food & Nutrition Services Administration Assistant and DFS. These verification processes include: verification, preparation of letters to selected applicants, verifying applications and verifying or changing status in the system.

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Mary Ann Baines
Contact Phone Number: 812-623-2291 Ext. 10907

Status of Audit Finding: Beginning with the September 2016 the Superintendent reviews and signs the monthly fund and cash balances provided to him by R.O.D. Special Education Cooperative.

FINDING 2015-004

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action:
Contact Phone Number:

Status of Audit Finding: Beginning with the 2017-18 Title I grant years the Annual Financial Report will be reviewed by the Title I Coordinator prior to submission by the DFO. Also, beginning with the 2017-18 Title I grant the Superintendent will review the Comparability report prior to submission by the grant coordinator.

Mary Ann Baines
(Signature)

Director of Financial Operations
(Title)

11-8-2018
(Date)



Sunman-Dearborn Community Schools
1 Trojan Place, Suite B
St. Leon, IN 47012

Dr. Andrew Jackson
Superintendent

Ms. Cindy Morton
Director of Support Services

Ms. Mary Ann Baines
Director of Financial Operations

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person: Mary Ann Baines
Title: Director of Financial Operations/Treasurer
Contact Phone Number: 812-623-2291 Ext. 10907

VIEWS OF RESPONSIBLE OFFICIAL: We concur with the finding.

CORRECTIVE ACTION PLAN - Beginning with the 2016-17 Annual Financial Report (Gateway) which consists of the SEFA, all of the expenditures were submitted and reviewed by two different parties. Upon review both parties did sign off on the report and then the report was submitted. Beginning with the 2017-18 Annual Financial Report (Gateway) which consists of the SEFA, all of the revenues reported for the Child Nutrition Cluster only consist of the federal receipts, not all receipts. On the Special Education Cluster I was given corrections to make for the 2015-16 (2016 AFR) from our previous audit. I had them marked off as corrected, however, they were not corrected. They have been corrected. The report will continue to be reviewed by two parties and signed off on.

FINDING 2017-002

Contact Person: Mary Ann Baines
Title: Director of Financial Operations/Treasurer
Contact Phone Number: 812-623-2291 Ext. 10907

VIEWS OF RESPONSIBLE OFFICIAL: We concur with the finding.

CORRECTIVE ACTION PLAN - Documentation of price/rate quotations obtained from an adequate number of qualified vendors for purchases anticipated to be over the \$3,500 threshold for small purchases will be maintained at the ROD Cooperative.

The following internal control procedure has been established to verify a vendor that exceeds \$25,000 has not been suspended or debarred: For each vendor that exceeds \$25,000, the ROD cooperative will do a search on the SAM Federal registry to verify the selected vendor has not been suspended or debarred. The director will also sign the printed registry search verifying the vendor has not been suspended or debarred.

FINDING 2017-003

Contact Person: Mary Ann Baines
Title: Director of Financial Operations/Treasurer
Contact Phone Number: 812-623-2291 Ext. 10907

VIEWS OF RESPONSIBLE OFFICIAL: We concur with the finding, however we disagree that it is considered a repeat finding, due to the timeline of the first finding, with the exception of the Program Income finding.

CORRECTIVE ACTION PLAN - This was corrected when it was brought to our attention at the last audit. We made the changes effective with the May 2016 School Lunch and Breakfast reimbursement claim. However, 15-16 and 16-17 were in the past and it was impossible to go back and correct. The Food Services Administrative Assistant prepares the claim. She then forwards to the DFS for review and approval. After approval from DFS the claim is then submitted to the state by the Food Service Administrative Assistant. Both parties do initial.

This was corrected when it was brought to our attention at the last audit. We made changes effective with the 2016-17 Annual Financial Report. However, 15-16 was in the past and it was impossible to go back and correct. The Food Service Administrative Assistant provides the Director of Food and Nutrition Services with the expenditures and receipts for the fiscal year. The DFS reviews the reports and prepares the Annual Financial Report. The DFS then provides the AFR to the Director of Financial Operations to review and compare to prior submissions, after review the Director of Financial Operations signs off on and the DFS submits the Annual Financial Report. All parties will initial.

The verification summary report will be prepared by the DFS, she will then send it to the Food Services Administrative Assistant for review. After review and confirmation of information the Food Services Administrative Assistant will send the DFS an email stating she has reviewed and then DFS will submit the Verification Summary report. The Food Services Administrative Assistant went back to July 1, 2017 and reviewed, confirmed and signed off on the Verification Summary reports up to current.

The program income finding will be reviewed and approved beginning with the 2017-18 school year. Although the 2017-18 program year has concluded, all of the transactions between the pre-paid lunch and the school lunch fund will be reviewed by the Director of Food and Nutrition Services. If any errors are found, they will be corrected in the 2018-19 school year. Effective immediately the Food Service Administrative Assistant will forward the reports to the DFS each month to review all transfers between the pre-paid lunch and school lunch fund. After review, the DFS will sign off on the transfers.

Mary Ann Baines, Treasurer Signature

Mary Ann Baines, Printed Name

12-12-18, Date

OTHER REPORTS

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