

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MACONAQUAH SCHOOL CORPORATION
MIAMI 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	Tina Bonifant	07-01-15 to 06-30-19
Superintendent of Schools	Dr. Douglas Arnold	07-01-15 to 05-31-18
	Dr. James Callane (interim)	06-01-18 to 06-30-18
	Dr. James Callane	07-01-18 to 06-30-19
President of the School Board	David Scheblo	01-01-15 to 12-31-16
	Christy Householder	01-01-17 to 12-31-17
	Robert Daine	01-01-18 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MACONAQUAH SCHOOL CORPORATION, MIAMI COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Maconaquah 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 11, 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 11, 2018



STATE OF INDIANA
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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 MACONAQUAH SCHOOL CORPORATION, MIAMI 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 Maconaquah 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 11, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

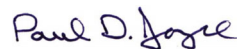
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 11, 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.

MACONAQUAH 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	\$ 4,016,750	\$ 15,003,950	\$ 15,791,373	\$ 75,400	\$ 3,304,727	\$ 15,186,022	\$ 16,177,271	\$ 19,040	\$ 2,332,518
Debt Service	959,985	1,445,706	1,240,900	(24,539)	1,140,252	1,206,340	1,238,500	(22,075)	1,086,017
Capital Projects	188,154	1,551,557	1,311,799	-	427,912	1,533,898	1,842,101	-	119,709
School Transportation	129,686	911,964	953,647	-	88,003	917,035	978,240	-	26,798
School Bus Replacement	815,595	467,983	443,651	-	839,927	474,821	631,309	-	683,439
Rainy Day	553,049	-	-	-	553,049	-	-	-	553,049
School Lunch	171,133	1,271,527	1,189,682	-	252,978	1,286,994	1,205,390	-	334,582
Textbook Rental	-	194,728	101,954	(50,861)	41,913	187,543	165,306	22,092	86,242
Self-Insurance	1,770,045	2,661,893	2,970,812	-	1,461,126	2,863,867	2,951,233	-	1,373,760
Levy Excess	23,750	-	-	-	23,750	-	-	-	23,750
Educational License Plates	395	19	-	-	414	113	200	-	327
Alternative Education	5,994	10,989	12,454	-	4,529	13,523	13,592	-	4,460
SAFE School Haven	(12,500)	27,500	15,000	-	-	-	25,000	-	(25,000)
Comprehensive Counseling Grant	-	-	-	-	-	20,425	2,883	-	17,542
Knights of Columbus Donation	1,737	1,491	819	-	2,409	1,645	2,534	-	1,520
50 YR Celebration Fundraiser	1,006	-	755	-	251	-	200	-	51
Scholarships Miscellaneous	1,800	4,000	1,000	-	4,800	4,650	4,150	-	5,300
Audra Hays Scholarship	7,221	5,600	3,000	-	9,821	450	3,000	-	7,271
Hintz Memorial Scholarship	1,920	1,000	500	-	2,420	2,000	1,500	-	2,920
Mills Diversity Scholarship	-	5,000	4,000	-	1,000	-	1,000	-	-
FFA Scholarship	1,500	-	1,250	-	250	3,350	3,600	-	-
Coca Cola Bottling Scholarship	1,000	1,000	500	-	1,500	1,000	1,500	-	1,000
Voya Unsung Heroes School Award	-	2,000	-	-	2,000	-	2,000	-	-
REMC Band Equip Grant	-	1,500	-	-	1,500	-	1,500	-	-
REMC Therapy Dog Grant	-	1,992	1,642	-	350	-	-	-	350
FBB Field Trip Grant PC	-	-	760	-	(760)	760	-	-	-
PSI IOTA Philanthropic Grant	-	1,384	350	-	1,034	680	1,234	-	480
McDonalds Grant	-	-	-	-	-	500	-	-	500
Colts Weightlifting Grant	-	1,650	-	-	1,650	-	-	-	1,650
PBIS Elem Grant	-	-	6,697	-	(6,697)	54,523	47,826	-	-
Dukes Health Care Foundation	-	5,494	5,208	-	286	-	286	-	-
Schneider Elec Grant	-	750	470	-	280	875	1,175	-	(20)
Techpoint Foundation Grant PC	-	965	500	-	465	-	465	-	-
IASP Mini Grant Generation-On	-	1,000	830	-	170	-	116	-	54
Dukes Health Care Found	-	-	-	-	-	2,296	2,296	-	-
NIPSCO Grant	1,200	-	1,200	-	-	-	-	-	-

MACONAQUAH SCHOOL CORPORATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 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
Space Station Event	-	4,000	4,000	-	-	-	-	-	-
Grant Writer Donation	-	25,000	55,000	-	(30,000)	85,000	55,000	-	-
NIPSCO HS Calculator Grant	-	3,000	3,000	-	-	-	-	-	-
Miami Cass REMC Farm to School	-	-	-	-	-	5,000	5,000	-	-
FFA Grant for Growing	-	1,750	-	-	1,750	-	597	-	1,153
NICF Mac Cattle Co Grant	-	-	-	-	-	10,000	10,000	-	-
Answers for Autism Grant	138	-	138	-	-	-	-	-	-
NICF Physics Chem Equip Grant	-	-	-	-	-	2,888	2,888	-	-
Dukes Health Care Foundation	-	-	-	-	-	390	390	-	-
PLTW Grant	1,371	10,000	14,571	-	(3,200)	5,000	1,800	-	-
NIPSCO Kindergarten Grant	-	-	-	-	-	1,100	-	-	1,100
Formative Assessment	-	28,978	28,906	-	72	29,560	29,632	-	-
Instruction Support	421	35,445	33,647	-	2,219	35,064	37,283	-	-
Secured Schools Safety Grant	(25,000)	25,000	25,000	-	(25,000)	25,000	-	-	-
Non-English Speaking Programs	-	-	-	-	-	4,600	328	-	4,272
School Technology	1,189	4,404	5,593	-	-	6,308	5,315	-	993
Career and Technical Performance Grant	-	-	-	-	-	3,220	-	-	3,220
Performance Based Awards	-	-	-	-	-	25,312	25,312	-	-
Pstem Subcontract	-	5,000	6,593	-	(1,593)	47,330	23,300	-	22,437
Early Education Matching Grant	-	-	-	-	-	13,463	10,058	-	3,405
Senator David Ford Technology	-	-	-	-	-	-	5,849	-	(5,849)
Library Endowment	66,203	-	3,383	-	62,820	-	5,327	-	57,493
Eli Grant	-	-	-	-	-	18,500	17,647	-	853
Title I FY17	-	-	-	-	-	257,476	294,630	-	(37,154)
Title I 14/15	(36,673)	134,051	97,378	-	-	-	-	-	-
Title I 2016	-	299,378	357,118	-	(57,740)	161,683	103,943	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	76,538	76,538	-	-
Rural Schools and Low Income Program - Pass Through State	(10,513)	24,624	14,111	-	-	192	192	-	-
Prepaid Food	31,312	28,677	25,268	-	34,721	28,704	26,168	-	37,257
Payroll Clearing	51,251	3,750,230	3,745,521	-	55,960	4,350,291	4,344,541	-	61,710
Totals	<u>\$ 8,719,119</u>	<u>\$ 27,962,179</u>	<u>\$ 28,479,980</u>	<u>\$ -</u>	<u>\$ 8,201,318</u>	<u>\$ 28,955,929</u>	<u>\$ 30,387,145</u>	<u>\$ 19,057</u>	<u>\$ 6,789,159</u>

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

MACONAQUAH 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.

MACONAQUAH 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.

MACONAQUAH 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.

MACONAQUAH 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

MACONAQUAH 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 the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease for 2007 Pipe Creek Elementary Renovations, 2010 High School and Middle School Electrical Renovations, 2012 HVAC Mechanical Improvements, and 2016 Corporation Facility Improvements with the Maconaquah School Building Corporation (the lessor). The lessor was organized as not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$1,164,400 and \$1,238,500, respectively.

MACONAQUAH SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Other Postemployment Benefits

The School Corporation provides health and dental insurance benefits to eligible retirees and their spouses. The School Corporation contributes 30 percent and the retiree contributes 70 percent of the total premium. 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. After October of 2017, retirees are only offered a single plan at 100 percent of the total premium.

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OTHER INFORMATION - UNAUDITED

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

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

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

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MACONAQUAH SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2016

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self-Insurance
Cash and investments - beginning	\$ 4,016,750	\$ 959,985	\$ 188,154	\$ 129,686	\$ 815,595	\$ 553,049	\$ 171,133	\$ -	\$ 1,770,045
Receipts:									
Local sources	95,019	1,445,698	1,551,548	903,009	467,983	-	450,467	91,670	1,439
Intermediate sources	667	-	-	-	-	-	-	-	-
State sources	14,877,332	-	-	-	-	-	7,600	100,576	-
Federal sources	-	-	-	-	-	-	806,767	-	-
Other receipts	30,932	8	9	8,955	-	-	6,693	2,482	2,660,454
Total receipts	15,003,950	1,445,706	1,551,557	911,964	467,983	-	1,271,527	194,728	2,661,893
Disbursements:									
Instruction	9,291,651	-	-	-	-	-	-	-	-
Support services	6,202,563	-	847,369	953,647	443,651	-	2,029	9,588	37,773
Noninstructional services	282,026	-	-	-	-	-	1,162,957	-	-
Facilities acquisition and construction	15,133	-	372,064	-	-	-	24,696	-	-
Debt service	-	1,240,900	92,366	-	-	-	-	92,366	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	2,933,039
Total disbursements	15,791,373	1,240,900	1,311,799	953,647	443,651	-	1,189,682	101,954	2,970,812
Excess (deficiency) of receipts over disbursements	(787,423)	204,806	239,758	(41,683)	24,332	-	81,845	92,774	(308,919)
Other financing sources (uses):									
Transfers in	75,400	-	-	-	-	-	-	24,539	-
Transfers out	-	(24,539)	-	-	-	-	-	(75,400)	-
Total other financing sources (uses)	75,400	(24,539)	-	-	-	-	-	(50,861)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(712,023)	180,267	239,758	(41,683)	24,332	-	81,845	41,913	(308,919)
Cash and investments - ending	\$ 3,304,727	\$ 1,140,252	\$ 427,912	\$ 88,003	\$ 839,927	\$ 553,049	\$ 252,978	\$ 41,913	\$ 1,461,126

MACONAQUAH SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Comprehensive Counseling Grant	Knights of Columbus Donation	50 YR Celebration Fundraiser	Scholarships Miscellaneous	Audra Hays Scholarship
Cash and investments - beginning	\$ 23,750	\$ 395	\$ 5,994	\$ (12,500)	\$ -	\$ 1,737	\$ 1,006	\$ 1,800	\$ 7,221
Receipts:									
Local sources	-	-	-	-	-	1,491	-	4,000	5,600
Intermediate sources	-	19	-	27,500	-	-	-	-	-
State sources	-	-	10,989	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	19	10,989	27,500	-	1,491	-	4,000	5,600
Disbursements:									
Instruction	-	-	12,454	-	-	819	-	-	-
Support services	-	-	-	15,000	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	755	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,000	3,000
Total disbursements	-	-	12,454	15,000	-	819	755	1,000	3,000
Excess (deficiency) of receipts over disbursements	-	19	(1,465)	12,500	-	672	(755)	3,000	2,600
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	19	(1,465)	12,500	-	672	(755)	3,000	2,600
Cash and investments - ending	\$ 23,750	\$ 414	\$ 4,529	\$ -	\$ -	\$ 2,409	\$ 251	\$ 4,800	\$ 9,821

MACONAQUAH SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Hintz Memorial Scholarship	Mills Diversity Scholarship	FFA Scholarship	Coca Cola Bottling Scholarship	Voya Unsung Heroes School Award	REMC Band Equip Grant	REMC Therapy Dog Grant	FBB Field Trip Grant PC	PSI IOTA Philanthropic Grant
Cash and investments - beginning	\$ 1,920	\$ -	\$ 1,500	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	1,000	5,000	-	1,000	-	-	-	-	-
Intermediate sources	-	-	-	-	2,000	1,500	1,992	-	1,384
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	1,000	5,000	-	1,000	2,000	1,500	1,992	-	1,384
Disbursements:									
Instruction	-	-	-	-	-	-	1,642	760	350
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	4,000	1,250	500	-	-	-	-	-
Total disbursements	500	4,000	1,250	500	-	-	1,642	760	350
Excess (deficiency) of receipts over disbursements	500	1,000	(1,250)	500	2,000	1,500	350	(760)	1,034
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500	1,000	(1,250)	500	2,000	1,500	350	(760)	1,034
Cash and investments - ending	\$ 2,420	\$ 1,000	\$ 250	\$ 1,500	\$ 2,000	\$ 1,500	\$ 350	\$ (760)	\$ 1,034

MACONAQUAH SCHOOL CORPORATION
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	McDonalds Grant	Colts Weightlifting Grant	PBIS Elem Grant	Dukes Health Care Foundation	Schneider Elec Grant	Techpoint Foundation Grant PC	IASP Mini Grant Generation-On	Dukes Health Care Found
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	1,650	-	-	750	965	1,000	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	5,494	-	-	-	-
Total receipts	-	1,650	-	5,494	750	965	1,000	-
Disbursements:								
Instruction	-	-	6,697	-	470	500	830	-
Support services	-	-	-	5,208	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	6,697	5,208	470	500	830	-
Excess (deficiency) of receipts over disbursements	-	1,650	(6,697)	286	280	465	170	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,650	(6,697)	286	280	465	170	-
Cash and investments - ending	\$ -	\$ 1,650	\$ (6,697)	\$ 286	\$ 280	\$ 465	\$ 170	\$ -

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 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	NIPSCO Grant	Space Station Event	Grant Writer Donation	NIPSCO HS Calculator Grant	Miami Cass REMC Farm to School	FFA Grant for Growing	NICF Mac Cattle Co Grant	Answers for Autism Grant
Cash and investments - beginning	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138
Receipts:								
Local sources	-	-	25,000	-	-	-	-	-
Intermediate sources	-	4,000	-	3,000	-	1,750	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	4,000	25,000	3,000	-	1,750	-	-
Disbursements:								
Instruction	1,200	4,000	-	3,000	-	-	-	138
Support services	-	-	55,000	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,200	4,000	55,000	3,000	-	-	-	138
Excess (deficiency) of receipts over disbursements	(1,200)	-	(30,000)	-	-	1,750	-	(138)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,200)	-	(30,000)	-	-	1,750	-	(138)
Cash and investments - ending	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ 1,750	\$ -	\$ -

MACONAQUAH SCHOOL CORPORATION
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	NICF Physics Chem Equip Grant	Dukes Health Care Foundation	PLTW Grant	NIPSCO Kindergarten Grant	Formative Assessment	Instruction Support	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ -	\$ -	\$ 1,371	\$ -	\$ -	\$ 421	\$ (25,000)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	10,000	-	-	-	-	-
State sources	-	-	-	-	28,978	35,445	-	-
Federal sources	-	-	-	-	-	-	25,000	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	10,000	-	28,978	35,445	25,000	-
Disbursements:								
Instruction	-	-	14,571	-	-	33,647	-	-
Support services	-	-	-	-	28,906	-	25,000	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	14,571	-	28,906	33,647	25,000	-
Excess (deficiency) of receipts over disbursements	-	-	(4,571)	-	72	1,798	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(4,571)	-	72	1,798	-	-
Cash and investments - ending	\$ -	\$ -	\$ (3,200)	\$ -	\$ 72	\$ 2,219	\$ (25,000)	\$ -

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 For the Year Ended June 30, 2016

	School Technology	Career and Technical Performance Grant	Performance Based Awards	Pstem Subcontract	Early Education Matching Grant	Senator David Ford Technology	Library Endowment	Eli Grant
Cash and investments - beginning	\$ 1,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,203	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	5,000	-	-	-	-
State sources	4,404	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	4,404	-	-	5,000	-	-	-	-
Disbursements:								
Instruction	-	-	-	6,593	-	-	3,383	-
Support services	5,593	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,593	-	-	6,593	-	-	3,383	-
Excess (deficiency) of receipts over disbursements	(1,189)	-	-	(1,593)	-	-	(3,383)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,189)	-	-	(1,593)	-	-	(3,383)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,593)	\$ -	\$ -	\$ 62,820	\$ -

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	Title I FY17	Title I 14/15	Title I 2016	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (36,673)	\$ -	\$ -	\$ (10,513)	\$ 31,312	\$ 51,251	\$ 8,719,119
Receipts:								
Local sources	-	-	-	-	-	-	-	5,049,924
Intermediate sources	-	-	-	-	-	-	-	63,177
State sources	-	-	-	-	-	-	-	15,065,324
Federal sources	-	134,051	299,378	-	24,624	-	-	1,289,820
Other receipts	-	-	-	-	-	28,677	3,750,230	6,493,934
Total receipts	-	134,051	299,378	-	24,624	28,677	3,750,230	27,962,179
Disbursements:								
Instruction	-	78,809	298,017	-	-	-	-	9,759,531
Support services	-	18,569	57,592	-	14,111	-	-	8,721,599
Noninstructional services	-	-	1,509	-	-	-	-	1,447,247
Facilities acquisition and construction	-	-	-	-	-	-	-	411,893
Debt service	-	-	-	-	-	-	-	1,425,632
Nonprogrammed charges	-	-	-	-	-	25,268	3,745,521	6,714,078
Total disbursements	-	97,378	357,118	-	14,111	25,268	3,745,521	28,479,980
Excess (deficiency) of receipts over disbursements	-	36,673	(57,740)	-	10,513	3,409	4,709	(517,801)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	99,939
Transfers out	-	-	-	-	-	-	-	(99,939)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	36,673	(57,740)	-	10,513	3,409	4,709	(517,801)
Cash and investments - ending	\$ -	\$ -	\$ (57,740)	\$ -	\$ -	\$ 34,721	\$ 55,960	\$ 8,201,318

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 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self-Insurance
Cash and investments - beginning	\$ 3,304,727	\$ 1,140,252	\$ 427,912	\$ 88,003	\$ 839,927	\$ 553,049	\$ 252,978	\$ 41,913	\$ 1,461,126
Receipts:									
Local sources	105,250	1,206,340	1,533,898	910,055	474,821	-	446,331	85,037	4,034
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	15,051,236	-	-	-	-	-	8,459	101,291	-
Federal sources	-	-	-	-	-	-	826,200	-	-
Other receipts	29,536	-	-	6,980	-	-	6,004	1,215	2,859,833
Total receipts	15,186,022	1,206,340	1,533,898	917,035	474,821	-	1,286,994	187,543	2,863,867
Disbursements:									
Instruction	9,514,095	-	-	-	-	-	-	-	-
Support services	6,362,635	-	1,096,352	978,240	631,309	-	2,079	102,204	30,395
Noninstructional services	287,039	-	-	-	-	-	1,132,085	-	-
Facilities acquisition and construction	13,502	-	575,823	-	-	-	71,226	-	-
Debt service	-	1,238,500	169,926	-	-	-	-	63,102	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	2,920,838
Total disbursements	16,177,271	1,238,500	1,842,101	978,240	631,309	-	1,205,390	165,306	2,951,233
Excess (deficiency) of receipts over disbursements	(991,249)	(32,160)	(308,203)	(61,205)	(156,488)	-	81,604	22,237	(87,366)
Other financing sources (uses):									
Sale of capital assets	19,040	-	-	-	-	-	-	17	-
Transfers in	-	-	-	-	-	-	-	22,075	-
Transfers out	-	(22,075)	-	-	-	-	-	-	-
Total other financing sources (uses)	19,040	(22,075)	-	-	-	-	-	22,092	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(972,209)	(54,235)	(308,203)	(61,205)	(156,488)	-	81,604	44,329	(87,366)
Cash and investments - ending	\$ 2,332,518	\$ 1,086,017	\$ 119,709	\$ 26,798	\$ 683,439	\$ 553,049	\$ 334,582	\$ 86,242	\$ 1,373,760

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	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven	Comprehensive Counseling Grant	Knights of Columbus Donation	50 YR Celebration Fundraiser	Scholarships Miscellaneous	Audra Hays Scholarship
Cash and investments - beginning	\$ 23,750	\$ 414	\$ 4,529	\$ -	\$ -	\$ 2,409	\$ 251	\$ 4,800	\$ 9,821
Receipts:									
Local sources	-	-	-	-	20,425	1,645	-	4,650	450
Intermediate sources	-	113	-	-	-	-	-	-	-
State sources	-	-	13,523	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	113	13,523	-	20,425	1,645	-	4,650	450
Disbursements:									
Instruction	-	-	13,592	-	-	2,534	-	-	-
Support services	-	-	-	25,000	2,883	-	-	-	-
Noninstructional services	-	200	-	-	-	-	200	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	4,150	3,000
Total disbursements	-	200	13,592	25,000	2,883	2,534	200	4,150	3,000
Excess (deficiency) of receipts over disbursements	-	(87)	(69)	(25,000)	17,542	(889)	(200)	500	(2,550)
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	-	(87)	(69)	(25,000)	17,542	(889)	(200)	500	(2,550)
Cash and investments - ending	\$ 23,750	\$ 327	\$ 4,460	\$ (25,000)	\$ 17,542	\$ 1,520	\$ 51	\$ 5,300	\$ 7,271

MACONAQUAH 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

	Hintz Memorial Scholarship	Mills Diversity Scholarship	FFA Scholarship	Coca Cola Bottling Scholarship	Voya Unsung Heroes School Award	REMC Band Equip Grant	REMC Therapy Dog Grant	FBB Field Trip Grant PC	PSI IOTA Philanthropic Grant
Cash and investments - beginning	\$ 2,420	\$ 1,000	\$ 250	\$ 1,500	\$ 2,000	\$ 1,500	\$ 350	\$ (760)	\$ 1,034
Receipts:									
Local sources	2,000	-	3,350	1,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	760	680
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	2,000	-	3,350	1,000	-	-	-	760	680
Disbursements:									
Instruction	-	-	-	-	2,000	1,500	-	-	1,234
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,500	1,000	3,600	1,500	-	-	-	-	-
Total disbursements	1,500	1,000	3,600	1,500	2,000	1,500	-	-	1,234
Excess (deficiency) of receipts over disbursements	500	(1,000)	(250)	(500)	(2,000)	(1,500)	-	760	(554)
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	500	(1,000)	(250)	(500)	(2,000)	(1,500)	-	760	(554)
Cash and investments - ending	\$ 2,920	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ 350	\$ -	\$ 480

MACONAQUAH 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

	McDonalds Grant	Colts Weightlifting Grant	PBIS Elem Grant	Dukes Health Care Foundation	Schneider Elec Grant	Techpoint Foundation Grant PC	IASP Mini Grant Generation-On	Dukes Health Care Found
Cash and investments - beginning	\$ -	\$ 1,650	\$ (6,697)	\$ 286	\$ 280	\$ 465	\$ 170	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	500	-	54,523	-	875	-	-	2,296
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	500	-	54,523	-	875	-	-	2,296
Disbursements:								
Instruction	-	-	47,826	-	1,175	465	116	-
Support services	-	-	-	286	-	-	-	2,296
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	47,826	286	1,175	465	116	2,296
Excess (deficiency) of receipts over disbursements	500	-	6,697	(286)	(300)	(465)	(116)	-
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	500	-	6,697	(286)	(300)	(465)	(116)	-
Cash and investments - ending	\$ 500	\$ 1,650	\$ -	\$ -	\$ (20)	\$ -	\$ 54	\$ -

MACONAQUAH 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

	NIPSCO Grant	Space Station Event	Grant Writer Donation	NIPSCO HS Calculator Grant	Miami Cass REMC Farm to School	FFA Grant for Growing	NICF Mac Cattle Co Grant	Answers for Autism Grant
Cash and investments - beginning	\$ -	\$ -	\$ (30,000)	\$ -	\$ -	\$ 1,750	\$ -	\$ -
Receipts:								
Local sources	-	-	85,000	-	-	-	-	-
Intermediate sources	-	-	-	-	5,000	-	10,000	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	85,000	-	5,000	-	10,000	-
Disbursements:								
Instruction	-	-	-	-	5,000	597	10,000	-
Support services	-	-	55,000	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	55,000	-	5,000	597	10,000	-
Excess (deficiency) of receipts over disbursements	-	-	30,000	-	-	(597)	-	-
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	-	-	30,000	-	-	(597)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,153	\$ -	\$ -

MACONAQUAH 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

	NICF Physics Chem Equip Grant	Dukes Health Care Foundation	PLTW Grant	NIPSCO Kindergarten Grant	Formative Assessment	Instruction Support	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ -	\$ -	\$ (3,200)	\$ -	\$ 72	\$ 2,219	\$ (25,000)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	2,888	390	5,000	1,100	-	-	-	-
State sources	-	-	-	-	29,560	35,064	-	4,600
Federal sources	-	-	-	-	-	-	25,000	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	2,888	390	5,000	1,100	29,560	35,064	25,000	4,600
Disbursements:								
Instruction	2,888	-	1,800	-	-	37,283	-	328
Support services	-	390	-	-	29,632	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,888	390	1,800	-	29,632	37,283	-	328
Excess (deficiency) of receipts over disbursements	-	-	3,200	1,100	(72)	(2,219)	25,000	4,272
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	-	-	3,200	1,100	(72)	(2,219)	25,000	4,272
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,100	\$ -	\$ -	\$ -	\$ 4,272

MACONAQUAH 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

	School Technology	Career and Technical Performance Grant	Performance Based Awards	Pstem Subcontract	Early Education Matching Grant	Senator David Ford Technology	Library Endowment	Eli Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,593)	\$ -	\$ -	\$ 62,820	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	47,330	-	-	-	-
State sources	6,308	3,220	25,312	-	13,463	-	-	18,500
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>6,308</u>	<u>3,220</u>	<u>25,312</u>	<u>47,330</u>	<u>13,463</u>	<u>-</u>	<u>-</u>	<u>18,500</u>
Disbursements:								
Instruction	-	-	25,312	4,148	10,058	-	5,327	17,647
Support services	5,315	-	-	1,928	-	5,849	-	-
Noninstructional services	-	-	-	17,224	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,315</u>	<u>-</u>	<u>25,312</u>	<u>23,300</u>	<u>10,058</u>	<u>5,849</u>	<u>5,327</u>	<u>17,647</u>
Excess (deficiency) of receipts over disbursements	<u>993</u>	<u>3,220</u>	<u>-</u>	<u>24,030</u>	<u>3,405</u>	<u>(5,849)</u>	<u>(5,327)</u>	<u>853</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>993</u>	<u>3,220</u>	<u>-</u>	<u>24,030</u>	<u>3,405</u>	<u>(5,849)</u>	<u>(5,327)</u>	<u>853</u>
Cash and investments - ending	<u>\$ 993</u>	<u>\$ 3,220</u>	<u>\$ -</u>	<u>\$ 22,437</u>	<u>\$ 3,405</u>	<u>\$ (5,849)</u>	<u>\$ 57,493</u>	<u>\$ 853</u>

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

	Title I FY17	Title I 14/15	Title I 2016	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (57,740)	\$ -	\$ -	\$ 34,721	\$ 55,960	\$ 8,201,318
Receipts:								
Local sources	-	-	-	-	-	-	-	4,884,286
Intermediate sources	-	-	-	-	-	-	-	131,455
State sources	-	-	-	-	-	-	-	15,310,536
Federal sources	257,476	-	161,683	76,538	192	-	-	1,347,089
Other receipts	-	-	-	-	-	28,704	4,350,291	7,282,563
Total receipts	257,476	-	161,683	76,538	192	28,704	4,350,291	28,955,929
Disbursements:								
Instruction	228,163	-	87,135	64,538	-	-	-	10,084,761
Support services	66,142	-	16,808	12,000	192	-	-	9,426,935
Noninstructional services	325	-	-	-	-	-	-	1,437,073
Facilities acquisition and construction	-	-	-	-	-	-	-	660,551
Debt service	-	-	-	-	-	-	-	1,471,528
Nonprogrammed charges	-	-	-	-	-	26,168	4,344,541	7,306,297
Total disbursements	294,630	-	103,943	76,538	192	26,168	4,344,541	30,387,145
Excess (deficiency) of receipts over disbursements	(37,154)	-	57,740	-	-	2,536	5,750	(1,431,216)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	19,057
Transfers in	-	-	-	-	-	-	-	22,075
Transfers out	-	-	-	-	-	-	-	(22,075)
Total other financing sources (uses)	-	-	-	-	-	-	-	19,057
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,154)	-	57,740	-	-	2,536	5,750	(1,412,159)
Cash and investments - ending	\$ (37,154)	\$ -	\$ -	\$ -	\$ -	\$ 37,257	\$ 61,710	\$ 6,789,159

MACONAQUAH 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>\$ 1,688,279</u>	<u>\$ 37,526</u>

MACONAQUAH SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Maconaquah School Building Corporation	2007 Pipe Creek Elementary Renovations	\$ 247,200	7/15/2007	1/15/2018
Maconaquah School Building Corporation	2010 High School and Middle School Electrical Renovations	712,000	7/1/2010	7/1/2018
Maconaquah School Building Corporation	2012 HVAC Mechanical Improvements	284,000	6/30/2012	12/31/2026
Maconaquah School Building Corporation	2016 Corporation Facility Improvements	99,644	4/25/2016	1/15/2036
Crossroads Bank	Computer Lease 3	<u>158,172</u>	7/1/2016	1/20/2020
Total of annual lease payments		<u>\$ 1,501,016</u>		

MACONAQUAH 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	\$ 194,300
Buildings	29,927,367
Improvements other than buildings	3,764,121
Machinery, equipment, and vehicles	<u>6,493,015</u>
Total capital assets	<u>\$ 40,378,803</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE MACONAQUAH SCHOOL CORPORATION, MIAMI COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Maconaquah 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.

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.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002, 2017-003, and 2017-004. 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 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, and 2017-007, that we consider to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

December 11, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2016	\$ -	\$ 171,038	\$ -	\$ -
School Breakfast Program			FY 2017	-	-	-	189,756
Total - School Breakfast Program				-	171,038	-	189,756
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch - Commodities			FY 2016	-	622,431	-	-
School Lunch Program			FY 2016	-	66,180	-	-
School Lunch - Commodities			FY 2017	-	-	-	616,445
School Lunch - Commodities			FY 2017	-	-	-	91,838
Total - National School Lunch Program				-	688,611	-	708,283
Total - Child Nutrition Cluster				-	859,649	-	898,039
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579	A58-6-16SS-0092	-	13,298	-	-
			A58-7-17SS-3780	-	-	-	20,000
Total - Department of Agriculture				-	872,947	-	918,039
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY 2014 Part B 611			14214-035-PN01	-	2,533	-	-
FY 2015 Part B 611			14215-035-PN01	-	293,717	-	6,405
FY 2016 Part B 611			14216-035-PN01	-	182,939	-	292,901
FY 2017 Part B 611			14217-033-PN01	-	-	-	212,314
FY 2014 Technical Assistance			99914-035-PN01	-	4,338	-	-
Total - Special Education_Grants to States				-	483,527	-	511,620

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants FY 2014 Part B 619 FY 2015 Part B 619 FY 2016 Part B 619	Indiana Department of Education	84.173	45714-035-PN01 45715-035-PN01 45716-033-PN01	- - -	139 20,590 -	- - -	- - 18,160
Total - Special Education_Preschool Grants				-	20,729	-	18,160
Total - Special Education Cluster (IDEA)				-	504,256	-	529,780
Title I Grants to Local Educational Agencies Title I 2014-15 Title I 2015-16 Title I 2016-17	Indiana Department of Education	84.010	15-5615 16-5615 17-5615	- - -	134,051 299,378 -	- - -	- 161,683 257,476
Total - Title I Grants to Local Educational Agencies				-	433,429	-	419,159
Rural Education Rural and Low Income FY 14	Indiana Department of Education	84.358	FY 2014	-	24,624	-	192
Supporting Effective Instruction State Grants Title II 2014-15 Title II 2015-16	Indiana Department of Education	84.367	FY 2015 FY 2016	- -	- -	- -	64,538 12,000
Total - Supporting Effective Instruction State Grants				-	-	-	76,538
Total - Department of Education				-	962,309	-	1,025,669
Total federal awards expended				\$ -	\$ 1,835,256	-	\$ 1,943,708

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

MACONAQUAH 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 on 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.

MACONAQUAH 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?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.010	Title I Grants to Local Educational Agencies	Unmodified

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat of Finding 2015-002 from the immediately prior audit.

Condition

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

The School Corporation had not established controls to ensure that the School Lunch fund balance (net cash resources) was less than or equal to three months average expenditures. During the last three months of the audit period, the ending cash balances exceeded the three months average expenditures and the School Corporation did not have a spend-down plan in place with the Indiana Department of Education.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The non-compliance occurred during the last three months of the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

7 CFR 220.7(e) states in part:

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

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-002

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

Repeat Finding

This is a repeat of Finding 2015-002 from the immediately prior audit.

Condition

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

The School Corporation was a member of a cooperative food purchasing service (cooperative). The cooperative did the bidding for bread and dairy. However, the School Board did not review and approve the bread and dairy bids from the cooperative.

The School Corporation had three vendors during the audit period, which met the requirements for the small purchase method for which no documentation of quotes was provided.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

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: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation completed the annual Paid Lunch Equity calculation using the state's online template; however, these Paid Lunch Equity calculations were not used to increase meal prices correctly. Lunch prices at Maconaquah Elementary and Pipe Creek Elementary during the 2015-2016 school year were increased five cents and should have been increased the required ten cents over the prior year.

Context

The lack of controls and noncompliance occurred during the 2015-2016 school year.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

(4) *Price Adjustments.*

(i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.

(ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.

(iii) *Optional price increases.* A school food authority may increase the average price by more than ten cents. . . ."

Cause

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-004

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

Condition

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

The School Corporation did not maintain adequate equipment records that included a description of the equipment, a serial number or other identification number, the acquisition date, cost of the equipment, and any ultimate disposition data including the date of disposal.

The School Corporation's capital asset inventory was conducted by an outside vendor, but was not reviewed to ensure accuracy. The latest inventory date, June 30, 2017, did not include all cafeteria equipment purchased during the audit period. Per the School Corporation's Accounting System for Assets Policy, all equipment that cost at least \$3,000 should have been included in the property records and physical inventory. During a review of inventory management of equipment acquired under federal awards, four equipment purchases were identified that exceeded the capitalization threshold and were not included in the property records or physical inventory.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d) states in part:

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

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

Cause

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-005

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

Repeat Finding

This is a repeat of Finding 2015-002 from the immediately prior audit.

Condition

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

The Food Service Director prepared and submitted the Sponsor Claim (claims for reimbursement) reports with no subsequent review to determine if the reports were accurate during the 2015-2016 school year. The Treasurer began reviewing the reports in August of 2016.

Context

The lack of controls was a systemic issue throughout the first year of the audit period, but was corrected for the second year of the audit period.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

Auditor's Response

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the issue before the beginning of the current audit period; however, we are required to report the lack of controls and the noncompliance, which did occur within the current audit period. The School Corporation is credited with correcting the issue as described in the *Context*.

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-006

Subject: Title I Grants to Local Educational Agencies - Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 15-5615
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2015-003 from the immediately prior audit.

Condition

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

The 2014-2015 Final Expenditure Report was prepared and submitted by the School Corporation Treasurer without review or oversight.

Context

The lack of controls was isolated to the 2015-2016 school year.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

Auditor's Response

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the issue before the beginning of the current audit period; however, we are required to report the control deficiency, which did exist within the current audit period. The School Corporation is credited with correcting the issue, as the *Context* indicates that the lack of controls was isolated to the first year of the audit period.

FINDING 2017-007

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 15-5615, 16-5615, 17-5615
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that reasons for mobility reporting were supported by appropriate documentation.

Context

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

MACONAQUAH SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

October 30, 2018

Summary Schedule of Prior Audit Findings

Finding 2015-001

Fiscal year in which the finding initially occurred: 7/1/13-6/30/15

Gateway AFR SEFA

Contact person responsible for corrective action: Tina Bonifant, Treasurer

Contact phone number: 765-689-9131 x 1160

Status of Audit Finding:

To properly follow the internal control guidelines, the Treasurer provides the SEFA report with supporting documentation to the Superintendent for review. The Superintendent acknowledges this procedure by signing the hard copy on file.

Tina Bonifant

Treasurer/Business Manager



October 30, 2018

Summary Schedule of Prior Audit Findings

Finding 2015-002

Fiscal year in which the finding initially occurred: 7/1/13-6/30/15

Pass Through Entity: Indiana Dept. of Education

Contact person responsible for corrective action: Kim Lewis, Food Service Director

Tina Bonifant, Treasurer

Contact phone number: 765-689-9131 x 1160

Status of Audit Finding:

The procedures and expectations that were put in place to ensure the review of the monthly lunch reimbursements have been performed. Food Service Director signs and submits a copy to the treasurer and the treasurer signs noting any significant change from prior month with very brief description.

The treasurer maintains a spreadsheet of the calculations showing the 3 month averages of expenditures against the food service fund balance.

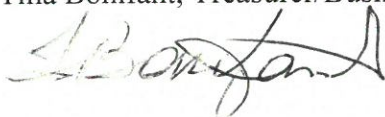
The food service director approves the bids for food items, where applicable, and prints out and verifies by signature that contracts are not being awarded to suspended or debarred parties.

The food service director submits a signed letter to the superintendent to verify that each individual school building is charging the correct lunch prices that are approved by the School Board.

The food service director and treasurer both review and sign the monthly lunch reimbursement. The School Food Authority Verification Collection Report (SFA) is reviewed and signed by the superintendent.

Sincerely,

Tina Bonifant, Treasurer/Business Mgr



October 30, 2018

Dr. James M. Callane
Superintendent
Ext. 1050

Summary Schedule of Prior Audit Findings

Finding 2015-003

Fiscal year in which the finding initially occurred: 7/1/13-6/30/15

Pass Through Entity: Indiana Dept. of Education Title I CFDA 84.010

Contact person responsible for corrective action: Tina Bonifant, Treasurer

Kelly McPike, Title I Director

Contact phone number: 765-689-9131 x 1160

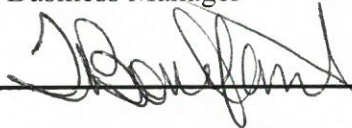
Status of Audit Finding:

The Title I Director and Treasurer work closely to ensure the grant figures are correct on a regular basis. This practice is confirmed by signature of approval by the Title I Director.

The Treasurer provides the Title I Director a monthly expenditure report to review and sign to help assure the monthly information is correct for the cash reimbursement report. The cash reimbursement report is initialed by the Title I Director to acknowledge the review of the figures on the request.

Tina Bonifant

Treasurer/Business Manager



October 31, 2018

Summary Schedule of Prior Audit Findings

Finding 2015-004

Fiscal year in which the finding initially occurred: 7/1/13-6/30/15

Contact person responsible for corrective action: Susan Evans, Director of Spec. Educ.

Contact phone number: 765-689-9131 x 5612

Status of Audit Finding:

The special education director reviews the information with regards to the Count of Children with Disabilities Receiving Special Education Services report with the KASEC employee in charge of IEP's to ensure the information contained is accurate. Supporting documentation is maintained and the final report is also signed by the superintendent.

Tina Bonifant

Treasurer/ Business Manager



October 31, 2018

Summary Schedule of Prior Audit Findings

Finding 2015-005

Fiscal year in which the finding initially occurred: 7/1/13-6/30/15

Contact person responsible for corrective action: Susan Evans, Spec Educ Director

Suzie Reagle, KASEC

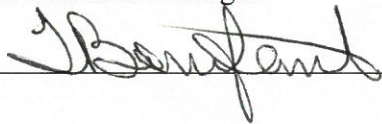
Contact phone number: 765-689-9131 x 5612

Status of Audit Finding:

All Required time and effort documentation is currently maintained in accordance with the requirements. Controls have been in place since the 2014/15 school year. The maintenance of documentation will be continued as required.

Tina Bonifant

Treasurer/Business Manager



CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Tina Bonifant, Treasurer
Contact Phone Number: 765-689-9131 x 1160
Contact Person Responsible for Corrective Action: Kim Lewis, Food Service Director
Contact Person Number: 765-689-9131 x 1900

Views of Responsible Official:
We concur with the finding.

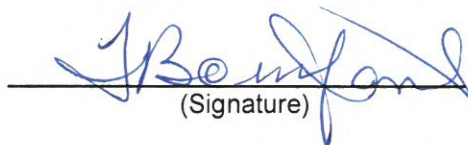
Description of Corrective Action Plan:

The Maconaquah School Corporation has reviewed and discussed the above finding related to the audit for the year of July 1, 2015 – June 30, 2017.

The food service director will more closely monitor the school lunch fund balance and develop a spend-down plan when the ending cash balance exceeds the three-month average of expenditures.

The treasurer will also work closely with the food service director to monitor such balance.

Anticipated Completion Date: Immediate.



(Signature)

Treasurer/Business Manager

11/28/18

CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Tina Bonifant, Treasurer
Contact Phone Number: 765-689-9131 x 1160
Contact Person Responsible for Corrective Action: Kim Lewis, Food Service Director
Contact Person Number: 765-689-9131 x 1900

Views of Responsible Official:
We concur with the finding.

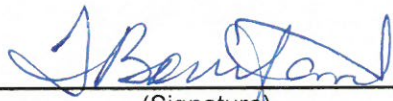
Description of Corrective Action Plan:

The Maconaquah School Corporation has reviewed and discussed the above finding related to the audit for the year of July 1, 2015 – June 30, 2017.

The food service director will ensure that the bidding of food purchasing goes before the School Board for review and approval.

The food service director shall also be more diligent of keeping any quote documentation for the small purchase method from an adequate number of qualified sources.

Anticipated Completion Date: Immediate.



(Signature)

Treasurer/Business Manager

11/28/18

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Tina Bonifant, Treasurer
Contact Phone Number: 765-689-9131 x 1160
Contact Person Responsible for Corrective Action: Kim Lewis, Food Service Director
Contact Person Number: 765-689-9131 x 1900

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:


The Maconaquah School Corporation has reviewed and discussed the above finding related to the audit for the year of July 1, 2015 – June 30, 2017.

The Paid Lunch Equity calculation online template was used by the School Corporation, but the meal prices for Maconaquah Elementary and Pipe Creek Elementary were not increased correctly for the 2015-2016 school year.

The lunch prices have since been corrected.

The food service director shall provide the School Board with such calculations for review and approval to assist in maintaining internal control standards and reduce errors.

Anticipated Completion Date: Immediate.



(Signature)

Treasurer/Business Manager

11/28/18

CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Corrective Action: Tina Bonifant, Treasurer
Contact Phone Number: 765-689-9131 x 1160
Contact Person Responsible for Corrective Action: Kim Lewis, Food Service Director
Contact Person Number: 765-689-9131 x 1900

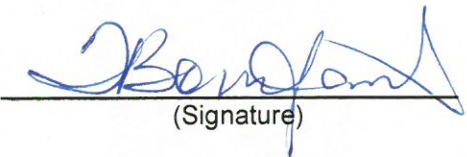
Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:

The Maconaquah School Corporation has reviewed and discussed the above finding related to the audit for the year of July 1, 2015 – June 30, 2017.

The School Corporation uses an outside vendor to compile our information into a report format. We will work more closely together to ensure that the information provided is accurate and captures the equipment over the \$3,000 threshold.

Anticipated Completion Date: Immediate.



(Signature)

Treasurer/Business Manager

11/28/18

CORRECTIVE ACTION PLAN

FINDING 2017-005

Contact Person Responsible for Corrective Action: Tina Bonifant, Treasurer
Contact Phone Number: 765-689-9131 x 1160
Contact Person Responsible for Corrective Action: Kim Lewis, Food Service Director
Contact Person Number: 765-689-9131 x 1900

Views of Responsible Official:

We disagree with the finding based on the fact that we were directed to implement further internal control procedures with the prior audit, which was put in place immediately moving forward. We did not go backward and apply signatures, which involves the first year report of this current audit period.

Description of Corrective Action Plan:

The Maconaquah School Corporation has reviewed and discussed the above finding related to the audit for the year of July 1, 2015 – June 30, 2017.

The treasurer and food service director have already developed a procedure that will help ensure that the lunch claims for reimbursements submitted are reviewed for accuracy and will continue this plan in the future. The review procedure is indicated by both the treasurer and food service director signing the reimbursement document.

Anticipated Completion Date: Immediate.


(Signature)

Treasurer/Business Manager

11/28/18

CORRECTIVE ACTION PLAN

FINDING 2017-006

Contact Person Responsible for Corrective Action: Tina Bonifant, Treasurer

Contact Phone Number: 765-689-9131 x 1160

Contact Person Responsible for Corrective Action: Kelly McPike, Title I Director

Contact Phone Number: 765-689-9131 x 3000

Views of Responsible Official:

We disagree with the finding based on the fact that we were directed to implement further internal control procedures with the prior audit, which was put in place immediately moving forward. We did not go backward and apply signatures, which involves the first year report of this current audit period.

Description of Corrective Action Plan:

The Maconaquah School Corporation has reviewed and discussed the above finding related to the audit for the years July 1, 2015 – June 30, 2017, and we offer the following corrective action that has already been implemented:

To continue to properly follow the internal controls guidelines, the treasurer shall provide the Title I monthly expenditure report and cash reimbursement report and supporting documentation for review to help ensure that all information reported is correct to the best of our knowledge. The Title I director will acknowledge this review by signing the monthly reports. This proper oversight shall continue to minimize undetected errors.

Anticipated Completion Date: Immediate



(Signature)

Treasurer/ Business Manager
(Title)

11/28/18

CORRECTIVE ACTION PLAN

FINDING 2017-007

Contact Person Responsible for Corrective Action: Chad Carlson, Principal
Contact Phone Number: 765-689-9131 x 5000
Contact Person Responsible for Corrective Action: Tina Bonifant, Treasurer
Contact Phone Number: 765-689-9131 x 1160

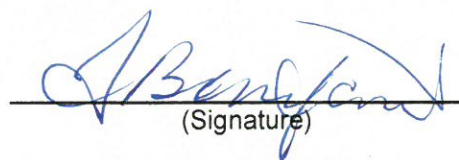
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Maconaquah School Corporation has reviewed and discussed the above finding related to the audit for the year of July 1, 2015 – June 30, 2017.

The high school principal and/or high school guidance department will ensure that a second reviewer is signing and dating the supporting documentation when students are entering the school corporation or transferring out. This will help ensure that the information contained on the required reports is accurate and valid.

Anticipated Completion Date: Immediate.



(Signature)

Treasurer/Business Manager

11/28/18

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/>.