

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTHWESTERN JEFFERSON COUNTY
CONSOLIDATED SCHOOL CORPORATION
JEFFERSON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
02/01/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura Boldery	01-01-14 to 12-31-18
Superintendent of Schools	Steve Telfer Trevor Jones	07-01-12 to 06-30-15 07-01-15 to 01-30-19
President of the School Board	Kevin Brierly Jodi Gray John Jones	01-01-14 to 12-31-14 01-01-15 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED
SCHOOL CORPORATION, JEFFERSON COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 12, 2018



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

TO: THE OFFICIALS OF THE SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED
SCHOOL CORPORATION, JEFFERSON 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 Southwestern Jefferson County Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 12, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002.

Southwestern Jefferson County Consolidated School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 12, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 1,955,990	\$ 9,495,817	\$ 10,053,273	\$ (175,605)	\$ 1,222,929	\$ 9,411,614	\$ 9,855,929	\$ (43,808)	\$ 734,806
Debt Service	12,372	658,420	419,362	-	251,430	522,415	582,336	(2,187)	189,322
Retirement/Severance Bond Debt Service	2,497	236,131	150,748	338	88,218	151,962	154,940	2,187	87,427
Capital Projects	(104,062)	1,560,397	785,940	-	670,395	1,318,046	1,799,532	(52,879)	136,030
School Transportation	306,306	2,015,752	1,036,205	-	1,285,853	1,238,608	1,032,935	1,089	1,492,615
School Bus Replacement	120,747	183,528	125,579	-	178,696	163,637	214,882	1,589	129,040
Rainy Day	1,000,000	7,108	7,108	-	1,000,000	472,740	472,740	-	1,000,000
Retirement/Severance Bond	7,000	338	51,219	174,662	130,781	-	26,948	-	103,833
Construction	-	-	31,530	32,594	1,064	73,820	78,475	3,591	-
School Lunch	309,894	715,593	730,669	-	294,818	815,963	804,758	4,149	310,172
Textbook Rental	171,676	146,633	153,751	-	164,558	168,845	155,908	(10,462)	167,033
Educational License Plates	148	253	-	-	401	169	-	-	570
5th Grade Mammoth Cave Trip	700	-	-	-	700	-	-	-	700
PSI Iota Xi Sorority Music Gift	350	-	-	-	350	-	-	-	350
Donation Fund Various Awards	(336)	4,540	5,352	1,199	51	5,873	5,705	(219)	-
ISTEP	570	-	-	-	570	-	-	-	570
Desk Drawer Dollars Elementary	198	100	102	-	196	(1)	195	-	-
Special Vo-Ag Grounds Work	446	-	199	-	247	-	-	-	247
Youth Shelter YAR Gift	104	-	-	-	104	-	-	(104)	-
WHAS Crusade For Children Grant	-	9,932	10,236	304	-	1,695	1,695	-	-
Excess Section 125	16,984	607	-	-	17,591	-	-	-	17,591
Instructional Support	244	-	(14)	-	258	-	-	-	258
Industrial Tech - Bottomley	155	-	155	-	-	1,000	1,000	-	-
Monsanto GT	218	-	216	2	4	25,000	64	-	24,940
Sprint's Fund Grant (Elem)	300	-	-	(300)	-	-	-	-	-
Dibert King Foundation	141	-	-	-	141	3,000	-	-	3,141
Walmart Clothes Closet Gift	3,994	-	110	-	3,884	-	394	-	3,490
Farmers Growing Communities	385	-	325	-	60	-	-	-	60
IKEC Donation Academics	1,000	714	838	(876)	-	-	-	-	-
Basketball / Softball Donations	1,003	-	-	(61)	942	-	-	-	942
Community Calf Project	19,747	21,633	21,408	-	19,972	15,190	17,807	-	17,355
Gleaners Food Pantry	7	500	542	35	-	-	-	-	-
Lego Robotics	1,755	395	2,017	-	133	2,222	1,117	-	1,238
Kindergarten Registration Fund	-	-	-	-	-	593	272	-	321
Coalition Substance Abuse	1,754	-	-	-	1,754	-	-	-	1,754
Preschool Playground Fund Raiser	-	-	-	-	-	104	-	-	104
HS Media Arts Fees	203	-	-	-	203	-	46,092	50,000	4,111
Walmart Special Ed Gift	786	-	500	-	286	-	-	(83)	203
Walmart Wrestling Gift	500	-	-	-	500	-	-	-	500
CPR Training Instruction	100	50	-	-	150	200	289	(30)	31
Extra-Curricular Activities	120	1,297	1,007	61	471	2,107	2,338	-	240
Tootsie Roll Gift Special Education Class	-	375	169	-	206	256	350	536	648

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

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Recreational Activities	30	-	-	-	30	-	30	-	-
5th Grade Trips Stephan	1,044	-	-	-	1,044	-	-	-	1,044
Scholarships and Awards	104	-	-	-	104	-	-	-	104
Construction, Remodeling, and Equipping Buildings	41,696	-	-	-	41,696	-	31,668	-	10,028
Insurance Student Laptops	-	1,775	-	-	1,775	15,295	-	-	17,070
The NEA Foundation	500	-	-	-	500	-	-	-	500
6th Grade Museum Trip Grant	24	300	300	-	24	400	-	-	424
Formative Assessment	-	-	-	-	-	2,335	-	-	2,335
High Ability	23,565	-	22,110	-	1,455	-	-	(1,455)	-
High Ability 2014-2015	-	30,484	-	-	30,484	-	30,484	-	-
Instructional Support	300	-	-	(6)	294	-	294	-	-
Medicaid Reimbursement	1,632	2,602	-	-	4,234	6,330	-	-	10,564
Secured Schools Safety Grant	13,821	50,000	103,882	50,000	9,939	59,180	151,232	51,944	(30,169)
School Technology	15,885	24,458	40,592	1,438	1,189	22,951	9,000	-	15,140
Technology Plan Buddy	135	-	-	-	135	-	165	30	-
Performance Based Awards	985	55,103	-	(54,194)	1,894	-	-	-	1,894
Construction Activity Center	-	64,897	22,752	23,894	66,039	-	23,085	-	42,954
Construction Common School	26,407	23,813	23,824	(26,396)	-	-	-	-	-
High School Construction	119,658	-	-	(31,530)	88,128	-	25,059	-	63,069
Common School Loan 2013	(18,096)	17,990	995	1,101	-	-	-	-	-
Common School Loan 2014	-	120,000	123,218	3,218	-	-	-	-	-
Excess PTRC Distributions	12,602	-	-	-	12,602	-	-	-	12,602
Title I 2013-14	(44,890)	108,890	99,716	35,716	-	-	-	-	-
Title I 2014-2015	-	168,550	158,506	(35,716)	(25,672)	315,193	311,898	-	(22,377)
Drug Free Schools	12,436	-	575	-	11,861	-	333	-	11,528
Medicaid Reimbursement - Federal	2,921	-	-	-	2,921	-	-	-	2,921
Title II-A FY15-16	-	-	-	-	-	17,184	17,184	-	-
Title II-A FY12-13	(4,525)	36,563	32,197	159	-	507	507	-	-
Title II-A FY 14-15	-	27,382	28,009	-	(627)	12,078	11,701	250	-
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	-	1,737	-	(1,737)
Education Jobs	-	-	13	13	-	-	-	-	-
Prepaid Food	13,046	216,309	187,238	-	42,117	194,907	232,405	-	4,619
Payroll Deductions	-	2,243,655	2,243,655	-	-	2,249,979	2,249,979	-	-
Totals	\$ 4,053,276	\$ 18,252,884	\$ 16,676,128	\$ 50	\$ 5,630,082	\$ 17,291,397	\$ 18,353,462	\$ 4,138	\$ 4,572,155

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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:

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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. In some instances, it is the result of the funds being set up for reimbursable grants and the reimbursements not being received by June 30. In one instance, it is a result of expenses exceeding receipts.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into a capital lease with the Southwestern Jefferson County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$128,500 and \$101,500, respectively.

The School Corporation has entered into a capital lease with the Southwestern Jefferson County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. The first lease payment, which totaled \$143,000, was due and paid during the year 2016.

Note 9. *Combined Funds*

Funds related to Title I grant funds were reported individually in the prior financial statement, but were combined into one fund for the current financial statement.

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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.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
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 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,955,990	\$ 12,372	\$ 2,497	\$ (104,062)	\$ 306,306	\$ 120,747	\$ 1,000,000	\$ 7,000
Receipts:								
Local sources	183,563	658,420	236,131	1,560,397	2,008,514	183,528	7,108	338
Intermediate sources	22	-	-	-	-	-	-	-
State sources	9,312,232	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	7,238	-	-	-
Total receipts	9,495,817	658,420	236,131	1,560,397	2,015,752	183,528	7,108	338
Disbursements:								
Instruction	6,807,309	-	-	-	-	-	-	-
Support services	2,696,823	-	-	401,729	1,036,205	125,579	7,108	51,219
Noninstructional services	109,074	-	-	-	-	-	-	-
Facilities acquisition and construction	440,067	-	-	384,211	-	-	-	-
Debt service	-	419,362	150,748	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	10,053,273	419,362	150,748	785,940	1,036,205	125,579	7,108	51,219
Excess (deficiency) of receipts over disbursements	(557,456)	239,058	85,383	774,457	979,547	57,949	-	(50,881)
Other financing sources (uses):								
Sale of capital assets	50	-	-	-	-	-	-	-
Transfers in	54,194	-	338	-	-	-	-	175,000
Transfers out	(229,849)	-	-	-	-	-	-	(338)
Total other financing sources (uses)	(175,605)	-	338	-	-	-	-	174,662
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(733,061)	239,058	85,721	774,457	979,547	57,949	-	123,781
Cash and investments - ending	\$ 1,222,929	\$ 251,430	\$ 88,218	\$ 670,395	\$ 1,285,853	\$ 178,696	\$ 1,000,000	\$ 130,781

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Construction	School Lunch	Textbook Rental	Educational License Plates	5th Grade Mammoth Cave Trip	PSI Iota Xi Sorority Music Gift	Donation Fund Various Awards	ISTEP
Cash and investments - beginning	\$ -	\$ 309,894	\$ 171,676	\$ 148	\$ 700	\$ 350	\$ (336)	\$ 570
Receipts:								
Local sources	-	225,978	83,316	-	-	-	4,540	-
Intermediate sources	-	-	-	253	-	-	-	-
State sources	-	6,963	63,117	-	-	-	-	-
Federal sources	-	482,652	-	-	-	-	-	-
Other receipts	-	-	200	-	-	-	-	-
Total receipts	-	715,593	146,633	253	-	-	4,540	-
Disbursements:								
Instruction	-	-	-	-	-	-	1,040	-
Support services	31,530	331	153,751	-	-	-	4,312	-
Noninstructional services	-	662,288	-	-	-	-	-	-
Facilities acquisition and construction	-	68,050	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	31,530	730,669	153,751	-	-	-	5,352	-
Excess (deficiency) of receipts over disbursements	(31,530)	(15,076)	(7,118)	253	-	-	(812)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	32,594	-	-	-	-	-	1,199	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	32,594	-	-	-	-	-	1,199	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,064	(15,076)	(7,118)	253	-	-	387	-
Cash and investments - ending	\$ 1,064	\$ 294,818	\$ 164,558	\$ 401	\$ 700	\$ 350	\$ 51	\$ 570

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Desk Drawer Dollars Elementary	Special Vo-Ag Grounds Work	Youth Shelter YAR Gift	WHAS Crusade For Children Grant	Excess Section 125	Instructional Support	Industrial Tech - Bottomley	Monsanto GT
Cash and investments - beginning	\$ 198	\$ 446	\$ 104	\$ -	\$ 16,984	\$ 244	\$ 155	\$ 218
Receipts:								
Local sources	100	-	-	9,932	607	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	100	-	-	9,932	607	-	-	-
Disbursements:								
Instruction	102	199	-	10,236	-	-	155	216
Support services	-	-	-	-	-	(14)	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	102	199	-	10,236	-	(14)	155	216
Excess (deficiency) of receipts over disbursements	(2)	(199)	-	(304)	607	14	(155)	(216)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	304	-	-	-	2
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	304	-	-	-	2
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2)	(199)	-	-	607	14	(155)	(214)
Cash and investments - ending	\$ 196	\$ 247	\$ 104	\$ -	\$ 17,591	\$ 258	\$ -	\$ 4

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Sprint's Fund Grant (Elem)	Dlbert King Foundation	Walmart Clothes Closet Gift	Farmers Growing Communities	IKEC Donation Academics	Basketball / Softball Donations	Community Calf Project	Gleaners Food Pantry
Cash and investments - beginning	\$ 300	\$ 141	\$ 3,994	\$ 385	\$ 1,000	\$ 1,003	\$ 19,747	\$ 7
Receipts:								
Local sources	-	-	-	-	714	-	8,750	500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	12,883	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	714	-	21,633	500
Disbursements:								
Instruction	-	-	110	325	838	-	21,408	542
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	110	325	838	-	21,408	542
Excess (deficiency) of receipts over disbursements	-	-	(110)	(325)	(124)	-	225	(42)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	35
Transfers out	(300)	-	-	-	(876)	(61)	-	-
Total other financing sources (uses)	(300)	-	-	-	(876)	(61)	-	35
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(300)	-	(110)	(325)	(1,000)	(61)	225	(7)
Cash and investments - ending	\$ -	\$ 141	\$ 3,884	\$ 60	\$ -	\$ 942	\$ 19,972	\$ -

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Lego Robotics	Kindergarten Registration Fund	Coalition Substance Abuse	Preschool Playground Fund Raiser	HS Media Arts Fees	Walmart Special Ed Gift	Walmart Wrestling Gift	CPR Training Instruction
Cash and investments - beginning	\$ 1,755	\$ -	\$ 1,754	\$ -	\$ 203	\$ 786	\$ 500	\$ 100
Receipts:								
Local sources	395	-	-	-	-	-	-	50
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	395	-	-	-	-	-	-	50
Disbursements:								
Instruction	2,017	-	-	-	-	500	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,017	-	-	-	-	500	-	-
Excess (deficiency) of receipts over disbursements	(1,622)	-	-	-	-	(500)	-	50
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	(1,622)	-	-	-	-	(500)	-	50
Cash and investments - ending	\$ 133	\$ -	\$ 1,754	\$ -	\$ 203	\$ 286	\$ 500	\$ 150

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Extra- Curricular Activities	Tootsie Roll Gift Special Education Class	Recreational Activities	5th Grade Trips Stephan	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Insurance Student Laptops	The NEA Foundation
Cash and investments - beginning	\$ 120	\$ -	\$ 30	\$ 1,044	\$ 104	\$ 41,696	\$ -	\$ 500
Receipts:								
Local sources	1,297	375	-	-	-	-	1,775	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	1,297	375	-	-	-	-	1,775	-
Disbursements:								
Instruction	-	169	-	-	-	-	-	-
Support services	1,007	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,007	169	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	290	206	-	-	-	-	1,775	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	61	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	61	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	351	206	-	-	-	-	1,775	-
Cash and investments - ending	\$ 471	\$ 206	\$ 30	\$ 1,044	\$ 104	\$ 41,696	\$ 1,775	\$ 500

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	6th Grade Museum Trip Grant	Formative Assessment	High Ability	High Ability 2014-2015	Instructional Support	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 24	\$ -	\$ 23,565	\$ -	\$ 300	\$ 1,632	\$ 13,821
Receipts:							
Local sources	300	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	30,484	-	2,602	50,000
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	300	-	-	30,484	-	2,602	50,000
Disbursements:							
Instruction	300	-	22,110	-	-	-	103,882
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	300	-	22,110	-	-	-	103,882
Excess (deficiency) of receipts over disbursements	-	-	(22,110)	30,484	-	2,602	(53,882)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	50,000
Transfers out	-	-	-	-	(6)	-	-
Total other financing sources (uses)	-	-	-	-	(6)	-	50,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(22,110)	30,484	(6)	2,602	(3,882)
Cash and investments - ending	\$ 24	\$ -	\$ 1,455	\$ 30,484	\$ 294	\$ 4,234	\$ 9,939

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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 For the Year Ended June 30, 2015

	School Technology	Technology Plan Buddy	Performance Based Awards	Construction Activity Center	Construction Common School	High School Construction	Common School Loan 2013
Cash and investments - beginning	\$ 15,885	\$ 135	\$ 985	\$ -	\$ 26,407	\$ 119,658	\$ (18,096)
Receipts:							
Local sources	-	-	1,895	64,897	23,813	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	3,191	-	53,208	-	-	-	17,990
Federal sources	21,267	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	24,458	-	55,103	64,897	23,813	-	17,990
Disbursements:							
Instruction	39,031	-	-	-	-	-	-
Support services	1,561	-	-	-	-	-	995
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	22,752	23,824	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	40,592	-	-	22,752	23,824	-	995
Excess (deficiency) of receipts over disbursements	(16,134)	-	55,103	42,145	(11)	-	16,995
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	1,438	-	-	24,958	-	-	1,101
Transfers out	-	-	(54,194)	(1,064)	(26,396)	(31,530)	-
Total other financing sources (uses)	1,438	-	(54,194)	23,894	(26,396)	(31,530)	1,101
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,696)	-	909	66,039	(26,407)	(31,530)	18,096
Cash and investments - ending	\$ 1,189	\$ 135	\$ 1,894	\$ 66,039	\$ -	\$ 88,128	\$ -

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Common School Loan 2014	Excess PTRC Distributions	Title I 2013-14	Title I 2014-2015	Drug Free Schools	Medicaid Reimbursement - Federal	Title II-A FY 15-16
Cash and investments - beginning	\$ -	\$ 12,602	\$ (44,890)	\$ -	\$ 12,436	\$ 2,921	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	120,000	-	-	-	-	-	-
Federal sources	-	-	108,890	168,550	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	120,000	-	108,890	168,550	-	-	-
Disbursements:							
Instruction	-	-	97,858	142,237	-	-	-
Support services	123,218	-	2,573	12,847	575	-	-
Noninstructional services	-	-	(715)	3,422	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	123,218	-	99,716	158,506	575	-	-
Excess (deficiency) of receipts over disbursements	(3,218)	-	9,174	10,044	(575)	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	3,218	-	35,716	-	-	-	-
Transfers out	-	-	-	(35,716)	-	-	-
Total other financing sources (uses)	3,218	-	35,716	(35,716)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	44,890	(25,672)	(575)	-	-
Cash and investments - ending	\$ -	\$ 12,602	\$ -	\$ (25,672)	\$ 11,861	\$ 2,921	\$ -

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	Title II-A FY12-13	Title II-A FY 14-15	Rural Schools and Low Income Program - Pass Through State	Education Jobs	Prepaid Food	Payroll Deductions	Totals
Cash and investments - beginning	\$ (4,525)	\$ -	\$ -	\$ -	\$ 13,046	\$ -	\$ 4,053,276
Receipts:							
Local sources	-	-	-	-	-	-	5,267,233
Intermediate sources	-	-	-	-	-	-	275
State sources	-	-	-	-	-	-	9,672,670
Federal sources	36,563	27,382	-	-	-	-	845,304
Other receipts	-	-	-	-	216,309	2,243,655	2,467,402
Total receipts	36,563	27,382	-	-	216,309	2,243,655	18,252,884
Disbursements:							
Instruction	-	-	-	13	-	-	7,250,597
Support services	32,197	28,009	-	-	-	-	4,711,555
Noninstructional services	-	-	-	-	-	-	774,069
Facilities acquisition and construction	-	-	-	-	-	-	938,904
Debt service	-	-	-	-	-	-	570,110
Nonprogrammed charges	-	-	-	-	187,238	2,243,655	2,430,893
Total disbursements	32,197	28,009	-	13	187,238	2,243,655	16,676,128
Excess (deficiency) of receipts over disbursements	4,366	(627)	-	(13)	29,071	-	1,576,756
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	50
Transfers in	159	-	-	13	-	-	380,330
Transfers out	-	-	-	-	-	-	(380,330)
Total other financing sources (uses)	159	-	-	13	-	-	50
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,525	(627)	-	-	29,071	-	1,576,806
Cash and investments - ending	\$ -	\$ (627)	\$ -	\$ -	\$ 42,117	\$ -	\$ 5,630,082

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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,222,929	\$ 251,430	\$ 88,218	\$ 670,395	\$ 1,285,853	\$ 178,696	\$ 1,000,000	\$ 130,781
Receipts:								
Local sources	182,050	522,415	151,962	1,018,046	1,238,608	163,637	172,740	-
Intermediate sources	24	-	-	-	-	-	-	-
State sources	9,229,540	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	300,000	-	-	300,000	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	9,411,614	522,415	151,962	1,318,046	1,238,608	163,637	472,740	-
Disbursements:								
Instruction	7,238,652	-	-	-	-	-	-	-
Support services	2,507,681	-	-	578,860	1,032,935	214,882	172,740	26,948
Noninstructional services	109,596	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	920,672	-	-	-	-
Debt service	-	582,336	154,940	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	300,000	-	-	300,000	-
Total disbursements	9,855,929	582,336	154,940	1,799,532	1,032,935	214,882	472,740	26,948
Excess (deficiency) of receipts over disbursements	(444,315)	(59,921)	(2,978)	(481,486)	205,673	(51,245)	-	(26,948)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	1,589	-	-
Sale of capital assets	749	-	-	711	1,089	-	-	-
Transfers in	11,128	-	2,187	3,591	-	-	-	-
Transfers out	(55,685)	(2,187)	-	(57,181)	-	-	-	-
Total other financing sources (uses)	(43,808)	(2,187)	2,187	(52,879)	1,089	1,589	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(488,123)	(62,108)	(791)	(534,365)	206,762	(49,656)	-	(26,948)
Cash and investments - ending	\$ 734,806	\$ 189,322	\$ 87,427	\$ 136,030	\$ 1,492,615	\$ 129,040	\$ 1,000,000	\$ 103,833

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Construction	School Lunch	Textbook Rental	Educational License Plates	5th Grade Mammoth Cave Trip	PSI Iota Xi Sorority Music Gift	Donation Fund Various Awards	ISTEP
Cash and investments - beginning	\$ 1,064	\$ 294,818	\$ 164,558	\$ 401	\$ 700	\$ 350	\$ 51	\$ 570
Receipts:								
Local sources	73,820	297,713	108,611	-	-	-	5,873	-
Intermediate sources	-	-	-	169	-	-	-	-
State sources	-	7,515	60,234	-	-	-	-	-
Federal sources	-	510,735	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	73,820	815,963	168,845	169	-	-	5,873	-
Disbursements:								
Instruction	-	-	-	-	-	-	1,153	-
Support services	73,820	3,819	155,908	-	-	-	4,552	-
Noninstructional services	-	732,014	-	-	-	-	-	-
Facilities acquisition and construction	4,655	68,925	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	78,475	804,758	155,908	-	-	-	5,705	-
Excess (deficiency) of receipts over disbursements	(4,655)	11,205	12,937	169	-	-	168	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	3,591	4,149	-	-	-	-	130	-
Transfers out	-	-	(10,462)	-	-	-	(349)	-
Total other financing sources (uses)	3,591	4,149	(10,462)	-	-	-	(219)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,064)	15,354	2,475	169	-	-	(51)	-
Cash and investments - ending	\$ -	\$ 310,172	\$ 167,033	\$ 570	\$ 700	\$ 350	\$ -	\$ 570

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Desk Drawer Dollars Elementary	Special Vo-Ag Grounds Work	Youth Shelter YAR Gift	WHAS Crusade For Children Grant	Excess Section 125	Instructional Support	Industrial Tech - Bottomley	Monsanto GT
Cash and investments - beginning	\$ 196	\$ 247	\$ 104	\$ -	\$ 17,591	\$ 258	\$ -	\$ 4
Receipts:								
Local sources	(1)	-	-	1,695	-	-	1,000	25,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	(1)	-	-	1,695	-	-	1,000	25,000
Disbursements:								
Instruction	-	-	-	1,695	-	-	1,000	60
Support services	195	-	-	-	-	-	-	4
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	195	-	-	1,695	-	-	1,000	64
Excess (deficiency) of receipts over disbursements	(196)	-	-	-	-	-	-	24,936
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(104)	-	-	-	-	-
Total other financing sources (uses)	-	-	(104)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(196)	-	(104)	-	-	-	-	24,936
Cash and investments - ending	\$ -	\$ 247	\$ -	\$ -	\$ 17,591	\$ 258	\$ -	\$ 24,940

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Sprint's Fund Grant (Elem)	Dlbert King Foundation	Walmart Clothes Closet Gift	Farmers Growing Communities	IKEC Donation Academics	Basketball / Softball Donations	Community Calf Project	Gleaners Food Pantry
Cash and investments - beginning	\$ -	\$ 141	\$ 3,884	\$ 60	\$ -	\$ 942	\$ 19,972	\$ -
Receipts:								
Local sources	-	3,000	-	-	-	-	3,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	12,190	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,000	-	-	-	-	15,190	-
Disbursements:								
Instruction	-	-	394	-	-	-	17,807	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	394	-	-	-	17,807	-
Excess (deficiency) of receipts over disbursements	-	3,000	(394)	-	-	-	(2,617)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,000	(394)	-	-	-	(2,617)	-
Cash and investments - ending	\$ -	\$ 3,141	\$ 3,490	\$ 60	\$ -	\$ 942	\$ 17,355	\$ -

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Lego Robotics	Kindergarten Registration Fund	Coalition Substance Abuse	Preschool Playground Fund Raiser	HS Media Arts Fees	Walmart Special Ed Gift	Walmart Wrestling Gift	CPR Training Instruction
Cash and investments - beginning	\$ 133	\$ -	\$ 1,754	\$ -	\$ 203	\$ 286	\$ 500	\$ 150
Receipts:								
Local sources	2,222	593	-	104	-	-	-	200
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	2,222	593	-	104	-	-	-	200
Disbursements:								
Instruction	1,117	272	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	289
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	46,092	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	1,117	272	-	-	46,092	-	-	289
Excess (deficiency) of receipts over disbursements	1,105	321	-	104	(46,092)	-	-	(89)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	50,000	-	-	-
Transfers out	-	-	-	-	-	(83)	-	(30)
Total other financing sources (uses)	-	-	-	-	50,000	(83)	-	(30)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,105	321	-	104	3,908	(83)	-	(119)
Cash and investments - ending	\$ 1,238	\$ 321	\$ 1,754	\$ 104	\$ 4,111	\$ 203	\$ 500	\$ 31

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	Extra- Curricular Activities	Tootsie Roll Gift Special Education Class	Recreational Activities	5th Grade Trips Stephan	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Insurance Student Laptops	The NEA Foundation
Cash and investments - beginning	\$ 471	\$ 206	\$ 30	\$ 1,044	\$ 104	\$ 41,696	\$ 1,775	\$ 500
Receipts:								
Local sources	2,107	256	-	-	-	-	15,295	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	2,107	256	-	-	-	-	15,295	-
Disbursements:								
Instruction	-	350	-	-	-	-	-	-
Support services	2,338	-	30	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	31,668	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	2,338	350	30	-	-	31,668	-	-
Excess (deficiency) of receipts over disbursements	(231)	(94)	(30)	-	-	(31,668)	15,295	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	536	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	536	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(231)	442	(30)	-	-	(31,668)	15,295	-
Cash and investments - ending	\$ 240	\$ 648	\$ -	\$ 1,044	\$ 104	\$ 10,028	\$ 17,070	\$ 500

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	6th Grade Museum Trip Grant	Formative Assessment	High Ability	High Ability 2014-2015	Instructional Support	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 24	\$ -	\$ 1,455	\$ 30,484	\$ 294	\$ 4,234	\$ 9,939
Receipts:							
Local sources	400	-	-	-	-	-	10,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	2,335	-	-	-	6,330	49,180
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	400	2,335	-	-	-	6,330	59,180
Disbursements:							
Instruction	-	-	-	30,484	-	-	151,232
Support services	-	-	-	-	294	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	30,484	294	-	151,232
Excess (deficiency) of receipts over disbursements	400	2,335	-	(30,484)	(294)	6,330	(92,052)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	51,944
Transfers out	-	-	(1,455)	-	-	-	-
Total other financing sources (uses)	-	-	(1,455)	-	-	-	51,944
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	400	2,335	(1,455)	(30,484)	(294)	6,330	(40,108)
Cash and investments - ending	\$ 424	\$ 2,335	\$ -	\$ -	\$ -	\$ 10,564	\$ (30,169)

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
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	School Technology	Technology Plan Buddy	Performance Based Awards	Construction Activity Center	Construction Common School	High School Construction	Common School Loan 2013
Cash and investments - beginning	\$ 1,189	\$ 135	\$ 1,894	\$ 66,039	\$ -	\$ 88,128	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	6,569	-	-	-	-	-	-
Federal sources	16,382	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	22,951	-	-	-	-	-	-
Disbursements:							
Instruction	9,000	-	-	-	-	-	-
Support services	-	165	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	23,085	-	25,059	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	9,000	165	-	23,085	-	25,059	-
Excess (deficiency) of receipts over disbursements	13,951	(165)	-	(23,085)	-	(25,059)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	30	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	30	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,951	(135)	-	(23,085)	-	(25,059)	-
Cash and investments - ending	\$ 15,140	\$ -	\$ 1,894	\$ 42,954	\$ -	\$ 63,069	\$ -

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	Common School Loan 2014	Excess PTRC Distributions	Title I 2013-14	Title I 2014-2015	Drug Free Schools	Medicaid Reimbursement - Federal	Title II-A FY 15-16
Cash and investments - beginning	\$ -	\$ 12,602	\$ -	\$ (25,672)	\$ 11,861	\$ 2,921	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	315,193	-	-	17,184
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	315,193	-	-	17,184
Disbursements:							
Instruction	-	-	-	265,153	-	-	-
Support services	-	-	-	40,114	333	-	17,184
Noninstructional services	-	-	-	6,631	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	311,898	333	-	17,184
Excess (deficiency) of receipts over disbursements	-	-	-	3,295	(333)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	3,295	(333)	-	-
Cash and investments - ending	\$ -	\$ 12,602	\$ -	\$ (22,377)	\$ 11,528	\$ 2,921	\$ -

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	Title II-A FY12-13	Title II-A FY 14-15	Rural Schools and Low Income Program - Pass Through State	Education Jobs	Prepaid Food	Payroll Deductions	Totals
Cash and investments - beginning	\$ -	\$ (627)	\$ -	\$ -	\$ 42,117	\$ -	\$ 5,630,082
Receipts:							
Local sources	-	-	-	-	-	-	4,000,346
Intermediate sources	-	-	-	-	-	-	193
State sources	-	-	-	-	-	-	9,373,893
Federal sources	507	12,078	-	-	-	-	872,079
Interfund loans	-	-	-	-	-	-	600,000
Other receipts	-	-	-	-	194,907	2,249,979	2,444,886
Total receipts	507	12,078	-	-	194,907	2,249,979	17,291,397
Disbursements:							
Instruction	-	-	1,712	-	-	-	7,720,081
Support services	507	11,701	25	-	-	-	4,845,324
Noninstructional services	-	-	-	-	-	-	848,241
Facilities acquisition and construction	-	-	-	-	-	-	1,120,156
Debt service	-	-	-	-	-	-	737,276
Nonprogrammed charges	-	-	-	-	232,405	2,249,979	2,482,384
Interfund loans	-	-	-	-	-	-	600,000
Total disbursements	507	11,701	1,737	-	232,405	2,249,979	18,353,462
Excess (deficiency) of receipts over disbursements	-	377	(1,737)	-	(37,498)	-	(1,062,065)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	1,589
Sale of capital assets	-	-	-	-	-	-	2,549
Transfers in	-	250	-	-	-	-	127,536
Transfers out	-	-	-	-	-	-	(127,536)
Total other financing sources (uses)	-	250	-	-	-	-	4,138
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	627	(1,737)	-	(37,498)	-	(1,057,927)
Cash and investments - ending	\$ -	\$ -	\$ (1,737)	\$ -	\$ 4,619	\$ -	\$ 4,572,155

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SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
SunTrust Equipment & Leasing	HVAC High School Energy Savings	\$ 440,067	1/15/2009	7/15/2018
Southwestern Jefferson County Multi-School Building Corporation	Construction of Activity Center and other renovations	184,000	7/15/2016	1/15/2030
Southwestern Jefferson County School Building Corporation	Renovation of school buildings	<u>101,000</u>	12/31/2002	12/31/2025
Total governmental activities		<u>725,067</u>		
Total of annual lease payments		<u>\$ 725,067</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Retirement/Severance Bonds		\$ 545,000	\$ 75,091
Notes and loans payable	Common School Loan #A0478		2,054,615	238,651
Notes and loans payable	Common School Loan #A1742		85,190	25,131
Notes and loans payable	Common School Loan #A1851		108,000	25,020
Notes and loans payable	Common School Loan #A1608		<u>59,543</u>	<u>24,353</u>
Total governmental activities			<u>2,852,348</u>	<u>388,246</u>
Totals			<u>\$ 2,852,348</u>	<u>\$ 388,246</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
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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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 SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED
SCHOOL CORPORATION, JEFFERSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2016-013 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Special Education Cluster (IDEA) regarding Matching, Level of Effort, Earmarking, described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-011, and 2016-012. 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


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

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

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

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

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


Paul D. Joyce, CPA
State Examiner

December 12, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			SY 14/15	\$ 123,320	\$ -
School Breakfast Program			SY 15/16	-	131,561
				<u>123,320</u>	<u>131,561</u>
Total - School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555			
Student Lunch Program			SY 14/15	359,331	-
Student Lunch Program			SY 15/16	-	379,174
Commodities			SY 14/15	43,064	-
Commodities			SY 15/16	-	49,501
				<u>402,395</u>	<u>428,675</u>
Total - National School Lunch Program					
Total - Child Nutrition Cluster				<u>525,715</u>	<u>560,236</u>
Total - Department of Agriculture				<u>525,715</u>	<u>560,236</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027			
Special Education			14213-038-PN01	78,581	-
Special Education			14214-038-PN01/14214-157-PN01	295,083	-
Special Education			14214-157-PN01	-	36,694
Special Education			14215-038-PN01	24,990	273,588
Special Education			14216-036-PN01	-	100,771
Special Education			99914-038-PN01/99914-157-PN01	4,776	-
Special Education			99914-157-PN01	-	1,957
				<u>403,430</u>	<u>413,010</u>
Total - Special Education_Grants to States					
Special Education_Preschool Grants	Indiana Department of Education	84.173			
Special Education			45713-038-PN01	2,406	-

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
Special Education			45714-038-PN01/45714-157-PN01	9,248	-
Special Education			45714-157-PN01	-	541
Special Education			45715-038-PN01	396	-
Special Education			45715-038-PN01	-	7,720
Total - Special Education_Preschool Grants				<u>12,050</u>	<u>8,261</u>
Total - Special Education Cluster (IDEA)				<u>415,480</u>	<u>421,271</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I Basic Grant			14-4000	108,890	-
Title I Basic Grant			15-4000	168,550	143,401
Title I Basic Grant			16-4000	-	171,792
Total - Title I Grants to Local Educational Agencies				<u>277,440</u>	<u>315,193</u>
Safe and Drug-Free Schools and Communities_State Grants	Indiana Department of Education	84.186	SY 13/14 and 14/15	<u>575</u>	<u>333</u>
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Title II Part A			12-4000	36,562	-
Title II Part A			13-4000	27,382	12,078
Title II Part A			14-4000	-	17,691
Total - Supporting Effective Instruction State Grants				<u>63,944</u>	<u>29,769</u>
Total - Department of Education				<u>757,439</u>	<u>766,566</u>
Total federal awards expended				<u>\$ 1,283,154</u>	<u>\$ 1,326,802</u>

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Madison Area Educational Special Services Unit (MAESSU), a Special Education Cooperative. The MAESSU serves as the fiscal agent for the operation of the special education federal grant programs of the School Corporation. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented in the receipts and disbursements in the financial statement of the School Corporation.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat of Finding 2014-001 from the immediately prior audit.

Condition

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

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

Context

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

1. The Child Nutrition Cluster programs were omitted for fiscal year 2015, resulting in expenditures being understated by \$525,715. Program expenditures for fiscal year 2016 were overstated by \$433,150.
2. The Title I Grants to Local Educational Agencies program expenditures were overstated for fiscal year 2016 by \$168,550.
3. The Supporting Effective Instruction State Grants program expenditures were understated for fiscal year 2015 by \$4,366 and overstated for fiscal year 2016 by \$26,875.
4. The Safe and Drug-Free Schools and Communities State Grants programs were omitted, resulting in expenditures being understated for fiscal years 2015 and 2016 by \$575 and \$333, respectively.
5. Several program titles, CFDA numbers, and project numbers were incorrect.

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

Criteria

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

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

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

Cause

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

Effect

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-002

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. *Lack of Segregation of Duties - Receipts:* Receipts were written mostly by one employee who also made the deposits and took the deposits to the bank. Supporting documentation which consisted of duplicate receipts from the daycare and preschool staff was not retained by the Business Office, nor was there any notation of the daycare and preschool receipt numbers recorded on the Business Office's receipts. As a result, those receipts could not be tested. Also, there were no reconciliations between the receipts issued and the actual deposits. As a result, it could not be determined whether the receipts were deposited intact and timely.
2. *Lack of Segregation of Duties - Payroll:* The School Corporation had not separated incompatible activities related to payroll. The employee processing payroll prepared the worksheets for each school year to determine the amounts to be paid to employees, made pay rate and deduction changes, verified and made changes to time sheets and/or authorization worksheets, tracked and made adjustments for the noncertified staff paid year round, input hours worked and leave time used, and prepared some of the payroll deduction payments. This employee also prepared the summary authorization worksheets for several departments and signed off on those departmental authorization worksheets, which included maintenance, bus drivers, and central office/business staff. This employee posted the payroll to the budgetary accounts and also ran the direct deposit reports and processed the direct deposits with the bank. There was no documented evidence of any review or approval process.
3. *Monitoring of Controls:* The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would require the School Corporation to monitor and assess the quality of the system of internal control.

Context

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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

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

"Risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment is the process used to identify and assess internal and external risks to the achievement of objectives, and then establish risk tolerances. Each identified risk is evaluated in terms of its impact and likelihood of occurrence. Overall, risk assessment is the basis for determining how risk will be managed. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines for Public School Corporations of Indiana, Chapter 1)

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.

(3) A city or a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the business day following the day that the funds do exceed five hundred dollars (\$500)."

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Cause

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial transactions and reporting over receipts and payroll.

Effect

The failure to establish controls enabled noncompliance to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Recommendation

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting over receipts and payroll.

Views of Responsible Officials

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Title I Grants to Local Educational Agencies - Internal Controls
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000, 16-4000
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed; Eligibility; Reporting; Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals; Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2014-008 from the immediately prior audit related to Activities Allowed or Unallowed, Eligibility, and Reporting.

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 following compliance requirements: Activities Allowed or Unallowed; Eligibility, Reporting; Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals; and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

Activities Allowed or Unallowed

The School Corporation had not designed or implemented adequate policies and procedures to ensure that Title I funds were expended for allowable activities. There was no evidence that the Title I Director had reviewed the Title I funds' expenditure history reports, payroll distribution reports, revenue history reports, or payroll deduction and related employer benefit reports to ensure that only allowable activities were charged to the Title I program funds. Also, not all vendor accounts payable vouchers (APV) were reviewed and approved by the Title I Director to ensure that the APVs were only for allowable activities.

Eligibility

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the pre-populated public and poverty enrollment figures and the nonpublic school's student count and poverty information reported on the Title I Application, Eligible Schools Summary page were reflective of the School Corporation's records. An oversight or review process over the reported enrollment and poverty information had not been established.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that required reports were accurate. The Annual Final Expenditure Reports were prepared and submitted by one employee with no oversight, review, or approval process.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation had not designed or implemented internal controls to ensure that teachers and paraprofessionals hired within the School Corporation met the highly qualified requirements.

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

The School Corporation had no documented oversight or review procedure to ensure that supporting documentation was on file, the correct code was reported for all students removed from the cohorts, and that a copy of each year's final cohort report was retained.

Context

The lack of internal controls was a systemic issue, 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). . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-004

Subject: Title I Grants to Local Educational Agencies - Procurement and Suspension and Debarment
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): 14-4000, 15-4000, 16-4000
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition

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

Procurement

An effective internal control system was not in place at the School Corporation to ensure that the purchasing methods used complied with applicable state and local requirements, or that revisions were made to the purchasing policy to ensure that the purchasing method used complied with 2 CFR 200.320. These regulations include micro-purchases, small purchases, and other purchases, including those with sole source vendors. There were no written standards covering conflicts of interest that governed the performance of its employees engaged in the selection, award, and administration of contracts. The School Corporation also did not have a policy to maintain the history of its procurements.

Suspension and Debarment

The School Corporation had not established internal controls to ensure compliance with suspension and debarment requirements. There were no effective controls in place to ensure the vendors were not suspended or debarred from participation in federal programs. The School Corporation did not retain proper supporting documentation to show that they had performed any procedures to verify that the vendors were not suspended or debarred from participation in federal programs before doing business with them.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The non-compliance related to procurement was isolated to the 2015-2016 fiscal year. The noncompliance related to suspension and debarment was a systemic issue, which occurred throughout the audit period.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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). . . ."

2 CFR 200.318 states in part:

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

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. . . .

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

2 CFR 200.320 states in part:

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

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . .

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

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

2 CRF 180.300 states:

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

You do this by:

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

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled 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.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-005

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000, 16-4000
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not have adequate support for all payroll expenditures from the Title I funds. Several employees worked in more than one position; however, their timesheets did not always reflect the actual distribution for each position. In addition, payroll distribution reports were not monitored to ensure employees' payroll was from the proper fund.

Three of the four Semi-Annual Certification Reports prepared during the audit period were not signed.

The Title I Director did not obtain or review the Title I fund revenue history, expenditure history, or payroll distribution reports to ensure that only allowable costs were charged to the Title I funds. Some accounts payable vouchers were not reviewed and approved by the Title I Director, but instead were only signed by the Treasurer.

Context

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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). . . ."

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

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

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

2 CFR 200.430(i) states in part:

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

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

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

- "1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
 - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
 - b. Be allocable to Federal awards under the provisions of this Circular. . . .
 - j. Be adequately documented."

2 CFR 200.403 states in part:

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

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

Cause

Management had not developed a system of internal controls that segregated key functions such as processing payroll and monitoring payroll fund distributions.

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 related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-006

Subject: Title I Grants to Local Educational Agencies - Special
Tests and Provisions - Schoolwide Programs
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000, 16-4000
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Schoolwide Programs
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2014-008 from the immediately prior audit.

Condition

Management of the School Corporation did not have an effective internal control system in place to ensure compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement. Documentation was not presented for audit to verify that the elementary school operating a schoolwide program performed the required annual evaluation.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 200.26(c) states:

"Evaluation. A school operating a schoolwide program must—

- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;
- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and
- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

Cause

Management had not developed a system of internal controls to ensure that documentation was maintained to support compliance with the Special Tests and Provisions - Schoolwide Programs 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 related to the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

Views of Responsible Officials

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

FINDING 2016-007

Subject: Title I Grants to Local Educational Agencies - Period of Performance
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): 14-4000, 15-4000
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Period of Performance
Audit Findings: Material Weakness, Other Matters

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat of Finding 2014-008 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 Period of Performance compliance requirement.

Salaries were posted to the Title I grant fund after the period of performance had ended. Transfers to correct the errors were made several months later.

Context

The lack of internal controls was a systemic issue, which occurred throughout the audit period. The noncompliance was isolated to fiscal year 2014-2015.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.23(a) states:

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

2 CFR 200.309 states in part:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance . . . and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Period of Performance compliance requirement.

Effect

The failure to establish an effective internal control system enabled 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 establish controls related to the grant agreement and the Period of Performance compliance requirement.

Views of Responsible Officials

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

FINDING 2016-008

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers (or Other Identifying Numbers): SY 14/15, SY 15/16
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 2014-002 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 and Suspension and Debarment compliance requirement.

Procurement

An effective internal control system was not in place at the School Corporation to ensure that the purchasing methods used complied with applicable state and local requirements, or that revisions were made to the purchasing policy to ensure that the purchasing method used complied with 2 CFR 200.320.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Food Service Director was responsible for the preparation, distribution, and review of the bid packets sent to vendors. There was no oversight to verify that the School Corporation was adhering to grant requirements over procurement.

The School Corporation did not revise their purchasing policy to conform to the 2 CFR 200.320 standards. These standards included micro-purchases, small purchases, and other purchases including those with sole source vendors. The School Corporation also did not have written standards covering conflicts of interest governing performance of its employees engaged in the selection, award, and administration of contracts. In addition, the School Corporation did not have a policy to maintain, and did not maintain, the history of its procurements.

Suspension and Debarment

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

The School Corporation did not comply with the suspension and debarment requirements. The School Corporation had not established a suspension and debarment policy nor did they retain supporting documentation to show that they verified that the vendors were not suspended or debarred from participation in federal programs before doing business with them.

Context

The lack of controls over procurement occurred throughout the audit period. The noncompliance with procurement was isolated to fiscal year 2015-2016. The lack of controls and noncompliance over suspension and debarment were systemic issues throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.36(b)(1) states: "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.318 states in part:

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

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. . . .

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

2 CFR 200.320 states in part:

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

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

(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. . . .

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . .

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

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(4) After solicitation of a number of sources, competition is determined inadequate."

2 CRF 180.300 states:

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

You do this by:

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

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled 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 establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2016-009

Subject: Child Nutrition Cluster - Equipment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 14/15, SY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

Equipment records were not maintained during the audit period. Also, no evidence of an inventory of equipment during the audit period was presented for audit.

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. . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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 equipment management requirements.

Effect

The failure to establish an effective internal control system enabled 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 2016-010

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 14/15, SY 15/16

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Findings 2014-003, 2014-004, 2014-005, and 2014-006 from the immediately prior audit related to Special Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Reporting, and Eligibility.

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 following compliance requirements:

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Activities Allowed or Unallowed

Timesheets were used to support the payroll expenses paid from School Lunch funds, but some of the timesheets examined were not reviewed and signed by the Food Service Director or supervising official.

Eligibility

Determination of eligibility and review of computerized free and reduced applications were performed by one employee without any evidence of an oversight, review, or approval process.

Reporting

Monthly Sponsor Claims (claims for reimbursement), Annual Financial Reports, and the annual Verification of Free and Reduced Price Applications (NSLP) reports were prepared and submitted by either the Food Service Director or the assistant to the Food Service Director without any oversight, review, or approval process.

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

The verification process was performed by one person. A second person signed the paperwork during the 2015-2016 fiscal year; however, they did not perform any oversight, review, or approval process.

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

Paid Lunch Equity calculations were prepared by one employee without an oversight, review, or approval process.

Special Tests and Provisions - School Food Accounts

Controls were not in place to ensure that all applicable revenues and expenses were properly accounted for in the School Lunch fund. The Food Service Director did not obtain or review the School Lunch fund revenue history, expenditure history, or payroll distribution reports to ensure that only allowable costs were charged to the School Lunch fund.

Context

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

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 compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2016-011

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 14/15, SY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
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 Allowable Costs/Cost Principles compliance requirement.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation did not have adequate support for all payroll expenditures from the School Lunch fund. Several employees worked in more than one position; however, their timesheets did not reflect the actual distribution for each position. Timesheets were not always signed by a supervisor. In addition, payroll distribution reports were not monitored to ensure employees' payroll was from the proper fund.

The Food Service Director did not obtain or review the School Food fund revenue history, expenditure history, or payroll distribution reports to ensure that only allowable costs were charged to the School Lunch fund. Some accounts payable vouchers were not reviewed and approved by the Food Service Director, but instead were only signed by the Corporation Treasurer.

During the spring of 2016, the School Corporation began paying for utilities out of the School Lunch fund; however, there was no documentation of how the amounts charged to the School Lunch fund were determined.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.430(i) states in part:

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

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

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

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

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented. . . ."

2 CFR 200.403 states in part:

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

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

Cause

Management had not developed a system of internal controls that segregated key functions such as processing payroll and monitoring payroll fund distributions.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled 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 Allowable Costs/Cost Principles compliance requirement. In addition, we recommended that payroll distribution reports be monitored to ensure employees' payroll is paid from the proper funds.

Views of Responsible Officials

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

FINDING 2016-012

Subject: Child Nutrition Cluster - Cash Management
Federal Agency: Department of Education
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 14/15, SY 15/16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2014-007 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 monthly cash balance (net cash resources) for the School Lunch fund exceeded the 3 months average expenditures for 20 of the 24 months during the audit period.

Context

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

7 CFR 220.7(e) states in part:

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

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied 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 a loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-013

Subject: Special Education Cluster (IDEA) - Level of Effort

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-038-PN01, 45713-038-PN01
14214-038-PN01, 14214-157-PN01,
99914-038-PN01, 99914-157-PN01,
45714-157-PN01, 14215-038-PN01,
5715-038-PN01, 14216-036-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the level of effort - maintenance of effort (MOE) requirements.

The information presented for audit to support the MOE calculations did not agree with the information included on the fiscal year 2015 and fiscal year 2016 applications. In addition, several of the amounts used for state and local expenditures were percentages of disbursements, which were not specifically identified as special education excess costs or included in the prior year MOE calculations. There was no documentation as to why these disbursements would be considered excess costs for special education. The expenditure accounts used are required to be consistent unless it was an allowable exclusion or adjustment.

The amounts reported on both the fiscal year 2015 and fiscal year 2016 applications were based on the wrong fiscal year expenditure reports. The amounts reported for the fiscal year 2015 application were based on the fiscal year 2013 expenditure reports but should have been based on the fiscal year 2014 expenditure reports. The amounts reported for the fiscal year 2016 application were based on the fiscal year 2014 expenditure reports, but should have been based on the fiscal year 2015 expenditure reports.

Context

The lack of internal 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. . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 300.205 states:

"(a) *Amounts in excess.* Notwithstanding § 300.202(a)(2) and (b) and § 300.203(b), and except as provided in paragraph (d) of this section and § 300.230(e)(2), for any fiscal year for which the allocation received by an LEA under § 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by § 300.203(b) by not more than 50 percent of the amount of that excess.

(b) *Use of amounts to carry out activities under ESEA.* If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

(c) *State prohibition.* Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of FAPE that meet the requirements of section 613(a) of the Act and this part or the SEA has taken action against the LEA under section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.

(d) *Special rule.* The amount of funds expended by an LEA for early intervening services under § 300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section."

2 CFR 300.203(b) states in part:

"*Compliance standard.*

(1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

(2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:

(i) Local funds only;

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (ii) The combination of State and local funds;
- (iii) Local funds only on a per capita basis; or
- (iv) The combination of State and local funds on a per capita basis. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and level of effort requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the level of effort requirements.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

Southwestern Jefferson County Consolidated School Corporation

239 South Main Cross Street Hanover, Indiana 47243-9309 Administrative Office 812-866-6250 FAX 812-866-6256

Superintendent

Trevor Jones

Assistant To

Superintendent/

Corporation Treasurer

Laura Boldery

Board of School Trustees

John Jones, President

Richard Stockdale, Vice-President

Lacie Deputy, Secretary

Narci Burress, Member

Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 – Preparation of the Schedule of Expenditures of Federal Awards

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: Melissa May, Deputy Treasurer and Laura Boldery, Treasurer

Contact phone number: 812-866-1235 (Melissa) or 812-866-6253 (Laura)

Status of Audit Finding:

The first item of understating amounts for fiscal years ended June 30, 2013 and 2014 of the Child Nutrition Cluster on the SEFA were corrected during the Audit. Corrective actions have been put in place; however, we are still working on this area to ensure correct reporting on the SEFA.

Melissa May
Deputy Treasurer

Laura Boldery
Treasurer / Asst. To Supt.

9-8-18

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Lacie Deputy, Secretary

Narci Burruss, Member

Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002 – Procurement & Suspension & Debarment

Fiscal year in which the finding initially occurred: FY 12-13; FY13-14

Contact Person Responsible for Corrective Action: School Food Director, Wanda Spurgeon

Contact Phone Number: 812-866-6254

Status of Audit Finding:

The awarding of contracts exceeding \$25,000 will continue to be worked on. More evidence needs to be in the files that the contracted entities were searched and not suspended or debarred. The new Food Service Director, who began in 2018, has been advised of these requirements. Contracts are not to be awarded to any vendor on the Excluded Parties List. Beginning January 1, 2019 any equipment purchased over \$5000 will be approved by IDOE prior to the purchase.

Beginning January 1, 2019 a booklet will be on file informing all personnel involved of the internal control expected in the different positions. It is being worked on as directed by this State Board of Accounts Auditor. When completed it will be given to each affected employee.

Laura Boldery, Treas.

11-16-18

DATE

Southwestern Jefferson County Consolidated School Corporation

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003 – Special Tests and Provisions

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: School Food Director, Wanda Spurgeon

Laura Boldery, Treasurer/Assistant to Superintendent

Contact Phone Number: 812-866-6254 and 812-866-6253

Status of Audit Finding:

The paid lunch price was raised ten cents January 4, 2016 as supported by the lunch equity compliance requirements. The compliance requirement is presented to the Board each year for their approval or disapproval. This procedure will be continued.

We continue working on internal control.

Laura Boldery, Treas.

11-16-18

DATE

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Trevor Jones

Assistant To
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Corporation Treasurer

Laura Boldery

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Lacie Deputy, Secretary
Narci Burress, Member
Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004 – Special Tests and Provisions

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: School Food Director, Wanda Spurgeon

Contact Phone Number: 812-866-6254

Status of Audit Finding:

The Free and Reduced verification has not been completely corrected to State Board of Accounts satisfaction. The newly hired School Food Director has been given instructions on the procedures. Better record keeping and internal control will be followed.

Laura Boldery, Treas.

11-18-18

DATE

Southwestern Jefferson County Consolidated School Corporation

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Trevor Jones

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Lacie Deputy, Secretary

Narci Burress, Member

Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-005 – REPORTING

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: School Food Director, Deputy Treasurer, Treasurer
Wanda Spurgeon, Melissa May, Laura Boldery

Contact Phone Numbers: 812-866-6254; 812-866-1235; 812-866-6253

Status of Audit Finding:

Prepaid food clearing accounts are currently set up correctly in Corporation bookkeeping files. Ala cart Sales are being reported as other food service instead of other income for reporting correction. Application verifications for free/reduced students are being monitored and will continue perfecting this procedure. Real Time reports are being monitored more closely. A second person should be reviewing monthly meal reimbursement reports and annual financial reports. This procedure will continue being worked on for better internal control.

Laura Boldery, Treas.

11-18-18

DATE

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Superintendent

Trevor Jones

Assistant To
Superintendent/
Corporation Treasurer

Laura Boldery

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Lacie Deputy, Secretary
Narci Burress, Member
Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-006 – ELIGIBILITY

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: School Food Director, Deputy Treasurer, Treasurer
Wanda Spurgeon, Melissa May, Laura Boldery

Contact Phone Numbers: 812-866-6254; 812-866-1235; 812-866-6253

Status of Audit Finding:

The eligibility determination has been and will continue being worked on to prevent or detect and correct errors on the applications. Corrections are being made prior to submission as often as possible. Food stamp case numbers are being checked closely. Applications and Real Time reporting are being monitored. More work is needed in this area. The eligibility compliance requirements are being followed as closely as possible. Internal controls are done to the best of our ability.

Laura Boldery, Treas.

11-19-18

DATE

Southwestern Jefferson County Consolidated School Corporation

239 South Main Cross Street Hanover, Indiana 47243-9309 Administrative Office 812-866-6250 FAX 812-866-6256

Superintendent

Trevor Jones

Assistant To

Superintendent/

Corporation Treasurer

Laura Boldery

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Lacie Deputy, Secretary

Narci Burress, Member

Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-007 – CASH MANAGEMENT

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: School Food Director, Deputy Treasurer, Treasurer
Wanda Spurgeon, Melissa May, Laura Boldery

Contact Phone Numbers: 812-866-6254; 812-866-1235; 812-866-6253

Status of Audit Finding:

The cafeteria cash balance is being maintained to determine the amount does not exceed three months average expenditures. Beginning January 4, 2016 ALL Southwestern students were and are given a free breakfast. Some old equipment has been replaced. Modern equipment has been bought. The monthly cash balance is calculated at the end of each month by the Treasurer or Deputy Treasurer. The other person checks and agrees that the supporting documentation has been done correctly. Every effort is being made to limit the net cash resources to an amount that does not exceed three months average expenditures as required by 7 CFA 210.14(b). Beginning December 1, 2018 the calculations back-up paper work will be kept monthly for auditing.

Laura Boldery, Treas.

11-19-18

DATE

Southwestern Jefferson County Consolidated School Corporation

239 South Main Cross Street Hanover, Indiana 47243-9309 Administrative Office 812-866-6250 FAX 812-866-6256

Superintendent

Trevor Jones

Assistant To

Superintendent/

Corporation Treasurer

Laura Boldery

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Lacie Deputy, Secretary

Narci Burress, Member

Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-008 – Internal Control over Title I Grants To Local Educational Agencies

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: Melissa May, Deputy Treasurer and Laura Boldery, Treasurer

Contact phone number: 812-866-1235 (Melissa) or 812-866-6253 (Laura)

Status of Audit Finding:

Activities Allowed or Unallowed: Beginning with the first payroll in 2016 (January 4) the distribution report signed by the Board was changed to show the required fund information.

Cash Management: Beginning January 4, 2016 the Treasurer began checking, approving and signing all reimbursements prior to filing. If the Treasurer fills out the reimbursement, the Deputy or Assistant Treasurer checks, approves and verifies all reimbursements prior to filing.

Eligibility: Beginning January 1, 2019 reports are to be run with the names of eligible students by the secretaries in each building. The schools will compare the ADM report, the free & reduced count report with the DOE report for verification that they are correct. Supporting documents should be on file. The Title I Director inputs the nonpublic school student counts/poverty information. Another person in the office will verify that all figures agree. Reports are to be sent to the Grant Secretary to check for errors and corrections. Reports are to be checked with the Real Time Report prior to submission. Information for the Real Time Report is gathered from the School Harmony Program. It is completed and approved by Central Office. All reports need two people to verify correct reporting and control.

Period of Availability of Federal Funds: Documented control for proof that reports, reimbursements, receipts and disbursements are completed within the approved grant time period. All payments are to be made within the grant time period, including payroll & employer provided benefits. is to be achieved by reviewing the grants at the end of each month by the Grant Secretary in Central Office. Reimbursements are sent in by the 15th and 30th of each month. Timelines are given to the personnel responsible for administering the Grant. The final disbursements are approved at the last Board Meeting prior to the final due date on the Grant. All this is checked and approved monthly by the Corporation Treasurer. The Corporation Treasurer checks all Fund and Grant balances at the closing of each month. A spreadsheet will be set up to account for each disbursement during the grant period.

Reporting: Beginning January 4, 2016 along with the usual preparing and submitting of reimbursement requests and annual expenditure reports, another official in the central office reviews, approves and verifies reimbursement forms. After January 1, 2019 the Deputy Treasurer will review the annual expenditure report before submission. Reports are given to the School Board at each meeting.

Special Tests and Provisions: Beginning January 4, 2016 the Assistant Principal was to begin signing and verifying that the School Corporation's assessment, comprehensive plan and annual evaluation of the school wide programs are completed if done by the Principal. The Principal in each building is to sign and verify the reports if done by the Assistant Principal. Part of the above has been achieved. Beginning January 1, 2019 the Grant Administrator has been instructed to begin completing this procedure. Documentation that the annual evaluations are being done and verified should be in the files.

Laura Bolden, Treas.

11-26-18

DATE

Southwestern Jefferson County Consolidated School Corporation

239 South Main Cross Street Hanover, Indiana 47243-9309 Administrative Office 812-866-6250 FAX 812-866-6256

Superintendent

Trevor Jones

Assistant To

Superintendent/

Corporation Treasurer

Laura Boldery

Board of School Trustees

John Jones, President
Richard Stockdale, Vice-President
Lacie Deputy, Secretary
Narci Burress, Member
Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-009 – Allowable Costs/Cost Principals

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: Melissa May, Deputy Treasurer and Laura Boldery, Treasurer

Contact phone number: 812-866-1235 (Melissa) or 812-866-6253 (Laura)

Status of Audit Finding:

Documentation for Payroll: Beginning January 4, 2016 certification activity reports are signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. The payroll time sheets show they are an employee paid from Title I. The employee signs the time sheet. The Principal verifies and signs time sheets. The Secretary in the school office checks and verifies the time sheets are correct. The time sheets are brought over to the Payroll Clerk for processing and verifying by a signature. Payroll is prepared by Central Office. Checks are signed by Corporation Treasurer. School Board is given Payroll Claim Listing and Distribution Report by Fund together for approval and signature. Payroll time sheets are to be explained in more detail so Holidays, snow days, breaks and other unusual occurrences will be documented. Beginning January 1, 2019, Title I personnel will be recorded on one payroll time sheet. If other duties are performed by that employee it will be recorded on a separate time sheet.

Semi-Annual Certification: There was not an effective control over ensuring that the Administrator signed all semi-annual certifications.

Laura Boldery, Treas.
Linda Shepherd, Assistant Treasurer

11-27-18

DATE

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Narci Burress, Member

Jodi Gray, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-010 – Internal Control over Special Education Cluster (IDEA)

Fiscal year in which the finding initially occurred: FY12-13; FY13-14

Contact Person Responsible for Corrective Action: Melissa May, Deputy Treasurer and Laura Boldery, Treasurer

Contact phone number: 812-866-1235 (Melissa) or 812-866-6253 (Laura)

Status of Audit Finding:

MAESSU was recently audited and internal controls have been corrected according to Treasurer, Chris Trader. Monthly reports are signed by their Board and sent to individual schools effective their Audit date.

Laura Boldery
Treasurer/Asst. to Supt.

Trevor Jones

9-8-18

Southwestern Jefferson County Consolidated School Corporation

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Lacie Deputy, Secretary
Narci Burress, Member
Jodi Gray, Member

December 6, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Laura Boldery, Treas. : Melissa May, Assistant Treas.
Contact Phone Numbers: 812-866-6253 & 812-866-1235

We concur with the finding.

Audit adjustments were proposed and made to the SEFA while Auditor was here.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submission.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on that issue.

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December 7, 2018

Board of School Trustees

John Jones, President
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Jodi Gray, Member

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Laura Boldery, Treasurer; Melissa May, Assistant Treasurer; Linda Shepherd, Deputy Treasurer – Payroll Secretary
Contact Phone Numbers: 812-866-6253; 812-866-1235; 812-866-6252

We concur with the finding.

Receipts: We now have a person making up deposits another writes receipts. Deposits are taken to the bank by switching different times. A form has been made for verification of all deposit numbers, receipt numbers and signatures for every deposit. Testing should be easier for future audits.

Payroll: Department heads are signing time sheets. Payroll is posted into the budget by the treasurer.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from our office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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Jodi Gray, Member

December 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-003

Contact Person Responsible for Corrective Action: Laura Boldery, Treasurer; Melissa May, Assistant Treasurer; Title I Administrator – Elementary Principal
Contact Phone Numbers: 812-866-6253; 812-866-1235; 812-866-6215

We concur with the finding.

Expenditure reports are given to the Title I Administrator monthly. The procedure has been followed and will continue. The Administrator is to inform Central Office if something has been paid from the wrong account and it will be corrected immediately.

The Auditor has informed the Title I Administrator and the Title I Secretary of the correct procedures to be followed concerning the Eligibility and Reporting. A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submission.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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Jodi Gray, Member

December 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Person Responsible for Corrective Action: Title I Administrator, Elementary Principal; Melissa May, Assistant Treasurer; Laura Boldery, Treasurer
Contact Phone Numbers: 812-866-6215; 812-866-1235; 812-866-6253

We concur with the finding.

Management and all persons concerned have been informed of the Procurement and Suspension and Debarment compliance requirement. Every effort will be made to conform.

The "Standards for Internal Control in the Federal Government" will be used. Vendors will be checked by one or two persons to be sure they have not been suspended or debarred from participation in federal programs. Supporting documentation will be on file for Audit.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for error prior to submission of purchasing Federal equipment or supplies. The Wilson Center Co-op has been used for verification purposes.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on that issue.

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December 7, 2018

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Jodi Gray, Member

CORRECTIVE ACTION PLAN

FINDING 2016-005

Contact Person Responsible for Corrective Action: Title I Administrator, Elementary Principal; Linda Shepherd, Deputy Treasurer, Payroll; Melissa May, Assistant Treasurer, Title I secretary; Laura Boldery, Treasurer

Contact Phone Numbers: 812-866-6215; 812-866-6252; 812-866-1235; 812-866-6253

We concur with the finding.

Payroll is now completing separate payroll time sheets for each job performed. Employees will be instructed to place the number of days worked on every time sheet. This will verify each employee has worked the correct number of days being paid for the number of their hired positions.

The Auditor discussed the concerns with the Title I Director and every effort will be made to conform.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours per week to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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December 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-006

Contact Person Responsible for Corrective Action: Title I Administrator, Elementary Principal; Melissa May, Assistant Treasurer

Contact Phone Numbers: 812-866-6215; 812-866-1235

We concur with the finding.

Management and all persons involved have been informed of the Federal compliance requirements concerning the grant agreement and the Allowable Costs/Cost Principals by the Auditor. Every effort will be made to conform.

Documents will be available for the Auditor to inspect to show that an annual evaluation has been done to show the implementation and results achieved by the schoolwide program. Data will be used from the State's annual assessments and other indicators of academic achievement. The Evaluation will determine whether the schoolwide program has been effective in meeting the State's academic standards.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. More than one person will verify information presented.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours per week to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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Jodi Gray, Member

CORRECTIVE ACTION PLAN

FINDING 2016-007

Contact Persons Responsible for Corrective Action: Melissa May, Assistant Treasurer; Laura Boldery, Treasurer; Title I Administrator, Elementary Principal
Contact Phone Numbers: 812-866-1235; 812-866-6253; 812-866-6215

We concur with the finding.

Management and all persons involved have been informed of the Federal compliance requirements concerning the grant agreement and the Period of Performance by the Auditor. Every effort will be made to conform.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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Jodi Gray, Member

FINDING 2016-008

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director
Contact Phone Number: 812-866-6254

We concur with the finding.

Management and all persons involved have been informed of the noncompliance with the grant agreement and the compliance requirements concerning the Procurement and Suspension and Debarment. Every effort will be made to conform.

July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with them and explained all the requirements for compliance.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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CORRECTIVE ACTION PLAN

FINDING 2016-009

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director
Contact Phone Number: 812-866-6254

We concur with the finding.

Management and all persons involved have been informed of the correct procedures concerning the Grant agreement and the Equipment compliance requirement. Every effort will be made to conform.

July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with them and explained all the requirements for compliance.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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CORRECTIVE ACTION PLAN

FINDING 2016-010

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director
Contact Phone Number: 812-866-6254

We concur with the finding.

Management and all persons involved have been informed of the correct procedures concerning the grant agreement and payroll compliance requirements. Every effort will be made to conform.

Activities Allowed or Unallowed: July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with both and explained all the requirements for compliance. One will approve the others work. Timesheets will be signed by one of the two listed above.

Eligibility: The Director or Assistant will complete the determination of eligibility for free and reduced applications. The other will review and approve the process.

Reporting: The Director or Assistant will complete the annual financial reports and the annual verification of free and reduced price applications (NSLP) . One will Prepare, submit reports. The other will review and approve process.

Special Tests and Provisions: The Director or Assistant will obtain and review the School Food fund revenue history, expenditure history and payroll to ensure that only allowable costs were charged to the School Lunch fund monthly.

A spread sheet will be in a file to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submissions.

Internal controls continue to be a problem to all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

CHARACTER COUNTS!

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December 7, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-11.

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director; Linda Shepherd, Deputy Treasurer – Payroll; Laura Boldery, Treasurer
Contact Phone Numbers: 812-866-6254; 812-866-6252; 812-866-6253

We concur with the finding.

Management and all persons involved have been informed of the correct procedures concerning the grant agreement and the Allowable Costs/Cost Principals compliance requirements. The payroll secretary has been informed of the payroll compliance

July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with them and explained all the requirements for compliance.

The payroll department is working on monitoring the payroll distribution reports to ensure employees' payroll is paid from the proper funds. The Treasurer or Assistant Treasurer will try to monitor and sign the verification.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

CHARACTER COUNTS!

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December 7, 2018

Board of School Trustees

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Richard Stockdale, Vice-President
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Narci Burress, Member
Jodi Gray, Member

CORRECTIVE ACTION PLAN

FINDING 2016-012.

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director; Laura Boldery, Treasurer
Contact Phone Numbers: 812-866-6254; 812-866-6253

We concur with the finding.

Management has been informed of the report of noncompliance on the monthly cash balance. The Treasurer or Assistant Treasurer has been calculating the three months to achieve a cash balance. We have been working since the last 2014 audit to lower the cash balance to remain within the required limit. We will continue working on this problem.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

CHARACTER COUNTS!

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Jodi Gray, Member

CORRECTIVE ACTION PLAN

FINDING 2016-013.

Contact Persons Responsible for Corrective Action: Laura Boldery, Treasurer; Melissa May, Assistant Treasurer; Chris Trader, Special Services Unit Treasurer
Contact Phone Numbers: 812-866-6253; 812-866-1235

We concur with the Finding.

Paperwork is always attached to any report that the Treasurer completes. Step by step procedures as to how the amounts were arrived at was not in the file. However, the worksheets were in the files. We had never been asked or told to have a step by step process only backup paper work.

Chris Trader, Treasurer at the Co-Op goes over each MOE. We are called immediately if he sees any errors or differences from one year to the next. He is the internal control for the Treasurer. Chris has come to our office and helped the Assistant Treasurer complete the MOE several times. It is approved by him when it is finished.

We will continue to work on the Level of Effort compliance requirement. More paperwork will be in the 2019 MOE.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submission. An outline of how the information was arrived will be made available in the folder.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

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/>.