

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SCHOOL TOWN OF MUNSTER
LAKE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/21/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janice Swanson Sherie Breitenbach	07-01-16 to 10-31-18 11-01-18 to 06-30-19
Superintendent of Schools	Jeffrey Hendrix	07-01-16 to 06-30-19
President of the School Board	Melissa Higgason Ron Ostojic Ingrid Schwartz Wolf John J. Doherty	07-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCHOOL TOWN OF MUNSTER, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the School Town of Munster (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 February 13, 2019, 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

February 13, 2019



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302 WEST WASHINGTON STREET
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Telephone: (317) 232-2513
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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 SCHOOL TOWN OF MUNSTER, LAKE 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 School Town of Munster (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 13, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School Town of Munster'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

February 13, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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SCHOOL TOWN OF MUNSTER
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ (6,095,834)	\$ 24,372,446	\$ 21,956,729	\$ -	\$ (3,680,117)	\$ 24,950,694	\$ 20,756,511	\$ -	\$ 514,066
Referendum Tax Levy	1,098,216	4,257,327	4,369,745	-	985,798	8,569,318	5,599,099	-	3,956,017
Debt Service	1,364,600	4,781,956	4,280,028	(305,849)	1,560,679	4,936,771	4,473,622	(407,501)	1,616,327
Exempt Debt	2,042,781	6,144,797	6,183,000	-	2,004,578	5,959,307	5,903,500	-	2,060,385
Exempt Pension Debt	26,713	482,572	448,306	-	60,979	386,023	269,211	-	177,791
Referendum Debt Exempt Capital	-	-	-	-	-	203,128	167,500	-	35,628
Capital Projects	305,089	4,148,012	4,054,934	120,922	519,089	3,423,977	2,925,302	166,232	1,183,996
School Transportation	969,208	2,712,170	2,874,771	107,519	914,126	2,961,860	2,874,076	152,322	1,154,232
School Bus Replacement	441,277	640,266	484,421	18,467	615,589	649,929	613,019	26,962	679,461
Rainy Day	865,000	-	-	-	865,000	-	-	-	865,000
Retirement/Severance Bond	2,973	1	-	-	2,974	3	-	-	2,977
Construction	-	35,129	1,601,468	1,566,339	-	37,367	1,986,612	7,556,840	5,607,595
School Lunch	723,721	1,421,498	1,463,737	-	681,482	1,503,952	1,640,370	-	545,064
Textbook Rental	(326,436)	1,049,852	797,356	58,941	(14,999)	889,795	1,596,290	61,985	(659,509)
Self-Insurance	724,121	4,023,494	2,929,767	-	1,817,848	3,566,027	2,986,687	-	2,397,188
Levy Excess	2,814	-	-	-	2,814	-	-	-	2,814
Alternative Education	-	2,256	2,256	-	-	2,744	2,744	-	-
Scholarships and Awards - Underwood	1,075	-	250	-	825	-	250	-	575
Donation	22,198	140,459	103,569	(36,000)	23,088	92,984	61,407	(52,000)	2,665
Formative Assessment Grant	-	34,638	34,638	-	-	45,901	32,315	-	13,586
High Ability Grant	11,062	43,200	42,779	-	11,483	43,209	36,360	-	18,332
Medicaid Reimbursement	233	631	802	-	62	173	235	-	-
Secured Schools Safety Grant	(24,970)	50,000	75,030	-	(50,000)	50,000	50,000	-	(50,000)
Non-English Speaking Programs	1,617	24,617	23,474	-	2,760	18,750	13,703	-	7,807
School Technology	10,625	35,351	41,056	-	4,920	33,711	16,059	-	22,572
Technology Grants [IC 20-40-15]	-	5,993	-	-	5,993	7,508	11,112	-	2,389
Performance Based Awards	-	479,586	479,586	-	-	121,554	121,554	-	-
2016 Pension Bond Refund Proceeds	-	14,923	5,069,923	5,055,000	-	-	-	-	-
Title I	(20,427)	265,124	261,873	-	(17,176)	230,763	226,874	-	(13,287)
Medicaid Reimbursement - Federal	38,501	5,583	25,266	-	18,818	4,992	707	-	23,103
Improving Teacher Quality, No Child Left, Title II, Part A	(4,804)	44,235	50,464	-	(11,033)	51,929	42,234	-	(1,338)
Title III - English Proficiency Migrant	(2,381)	22,286	21,421	-	(1,516)	15,014	14,576	-	(1,078)
Prepaid School Lunch	-	1,008,366	958,079	-	50,287	990,370	991,557	-	49,100
Payroll Clearing Account	629,755	16,730,882	17,076,464	-	284,173	16,727,418	16,927,409	-	84,182
Totals	\$ 2,806,727	\$ 72,977,650	\$ 75,711,192	\$ 6,585,339	\$ 6,658,524	\$ 76,475,171	\$ 70,340,895	\$ 7,504,840	\$ 20,297,640

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

SCHOOL TOWN OF MUNSTER
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.

SCHOOL TOWN OF MUNSTER
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.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

SCHOOL TOWN OF MUNSTER
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.

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.

SCHOOL TOWN OF MUNSTER
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

SCHOOL TOWN OF MUNSTER
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.

C. Additional Pension Plans

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Most were the result of funds that were set up for reimbursable grants. The cash deficit in the Textbook Rental fund directly relates to the textbook adoption cycle. Years with larger, costlier items to adopt, do leave the fund with a negative balance until the rental fees are collected over the remainder of the adoption period.

SCHOOL TOWN OF MUNSTER
NOTES TO FINANCIAL STATEMENT
(Continued)

The cash deficit in the General fund is an on-going work in progress, in which the School Corporation is seeing results of the changes to the collective bargaining agreement and the major cost saving methods that have been implemented. In May 2017, the School Corporation was successful in passing a General Fund Referendum, which is expected to generate net revenue of \$6,900,000 annually for the seven-year referendum cycle, beginning in 2018. The 2017 referendum replaces the 2013 approved referendum.

Note 8. *Holding Corporation*

The School Corporation has entered into capital leases with the Munster School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2017 and 2018, totaled \$10,431,500 and \$10,487,000, respectively.

Note 9. *Subsequent Event*

In October 2018, the School Corporation entered into a \$35,510,000 capital lease with the Munster School Building Corporation for the second phase of the 2017-2020 Renewal/Restoration, Technology Upgrade, and Safety Project at a total project cost of \$37,925,376.

Note 10. *Other Postemployment Benefits*

The School Corporation provides health care benefits to eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

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

	General	Referendum Tax Levy	Debt Service	Exempt Debt	Exempt Pension Debt	Referendum Debt Exempt Capital	Capital Projects
Cash and investments - beginning	\$ (6,095,834)	\$ 1,098,216	\$ 1,364,600	\$ 2,042,781	\$ 26,713	\$ -	\$ 305,089
Receipts:							
Local sources	561,642	3,252,327	4,781,956	6,144,797	482,572	-	3,067,019
Intermediate sources	1	-	-	-	-	-	-
State sources	23,376,047	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	1,005,000	-	-	-	-	960,000
Other receipts	434,756	-	-	-	-	-	120,993
Total receipts	24,372,446	4,257,327	4,781,956	6,144,797	482,572	-	4,148,012
Disbursements:							
Instruction	13,767,980	2,428,329	-	-	-	-	-
Support services	7,700,584	82,814	-	-	1,422	-	1,587,403
Noninstructional services	488,165	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,507,531
Debt service	-	1,858,602	4,280,028	6,183,000	446,884	-	960,000
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	21,956,729	4,369,745	4,280,028	6,183,000	448,306	-	4,054,934
Excess (deficiency) of receipts over disbursements	2,415,717	(112,418)	501,928	(38,203)	34,266	-	93,078
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	250,000	-	-	-	-	-	120,922
Transfers out	(250,000)	-	(305,849)	-	-	-	-
Total other financing sources (uses)	-	-	(305,849)	-	-	-	120,922
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,415,717	(112,418)	196,079	(38,203)	34,266	-	214,000
Cash and investments - ending	\$ (3,680,117)	\$ 985,798	\$ 1,560,679	\$ 2,004,578	\$ 60,979	\$ -	\$ 519,089

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

	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 969,208	\$ 441,277	\$ 865,000	\$ 2,973	\$ -	\$ 723,721	\$ (326,436)
Receipts:							
Local sources	1,804,996	320,266	-	1	35,129	980,751	995,819
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	25,511	54,033
Federal sources	-	-	-	-	-	415,136	-
Temporary loans	856,000	320,000	-	-	-	-	-
Other receipts	51,174	-	-	-	-	100	-
Total receipts	2,712,170	640,266	-	1	35,129	1,421,498	1,049,852
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	2,074,771	244,421	-	-	-	76,186	797,356
Noninstructional services	-	-	-	-	-	1,340,882	-
Facilities acquisition and construction	-	-	-	-	1,601,468	-	-
Debt service	800,000	240,000	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	46,669	-
Total disbursements	2,874,771	484,421	-	-	1,601,468	1,463,737	797,356
Excess (deficiency) of receipts over disbursements	(162,601)	155,845	-	1	(1,566,339)	(42,239)	252,496
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	1,566,339	-	-
Transfers in	107,519	18,467	-	-	-	-	58,941
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	107,519	18,467	-	-	1,566,339	-	58,941
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(55,082)	174,312	-	1	-	(42,239)	311,437
Cash and investments - ending	\$ 914,126	\$ 615,589	\$ 865,000	\$ 2,974	\$ -	\$ 681,482	\$ (14,999)

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

	Self- Insurance	Levy Excess	Alternative Education	Scholarships and Awards - Underwood	Donation	Formative Assessment Grant	High Ability Grant
Cash and investments - beginning	\$ 724,121	\$ 2,814	\$ -	\$ 1,075	\$ 22,198	\$ -	\$ 11,062
Receipts:							
Local sources	4,023,494	-	-	-	140,459	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	2,256	-	-	34,638	43,200
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	4,023,494	-	2,256	-	140,459	34,638	43,200
Disbursements:							
Instruction	-	-	2,256	-	10,350	-	42,779
Support services	45,139	-	-	-	48,219	34,638	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	45,000	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	2,884,628	-	-	250	-	-	-
Total disbursements	2,929,767	-	2,256	250	103,569	34,638	42,779
Excess (deficiency) of receipts over disbursements	1,093,727	-	-	(250)	36,890	-	421
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(36,000)	-	-
Total other financing sources (uses)	-	-	-	-	(36,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,093,727	-	-	(250)	890	-	421
Cash and investments - ending	\$ 1,817,848	\$ 2,814	\$ -	\$ 825	\$ 23,088	\$ -	\$ 11,483

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

	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	2016 Pension Bond Refund Proceeds
Cash and investments - beginning	\$ 233	\$ (24,970)	\$ 1,617	\$ 10,625	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	14,923
Intermediate sources	-	-	-	-	-	-	-
State sources	631	50,000	24,617	35,351	5,993	479,586	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	631	50,000	24,617	35,351	5,993	479,586	14,923
Disbursements:							
Instruction	802	-	23,474	-	-	430,966	-
Support services	-	25,030	-	41,056	-	48,620	116,090
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	50,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	4,953,833
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	802	75,030	23,474	41,056	-	479,586	5,069,923
Excess (deficiency) of receipts over disbursements	(171)	(25,030)	1,143	(5,705)	5,993	-	(5,055,000)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	5,055,000
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	5,055,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(171)	(25,030)	1,143	(5,705)	5,993	-	-
Cash and investments - ending	\$ 62	\$ (50,000)	\$ 2,760	\$ 4,920	\$ 5,993	\$ -	\$ -

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

	Title I	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Prepaid School Lunch	Payroll Clearing Account	Totals
Cash and investments - beginning	\$ (20,427)	\$ 38,501	\$ (4,804)	\$ (2,381)	\$ -	\$ 629,755	\$ 2,806,727
Receipts:							
Local sources	-	-	-	-	1,008,366	16,730,882	44,345,399
Intermediate sources	-	-	-	-	-	-	1
State sources	-	-	-	22,286	-	-	24,154,149
Federal sources	265,124	5,583	44,235	-	-	-	730,078
Temporary loans	-	-	-	-	-	-	3,141,000
Other receipts	-	-	-	-	-	-	607,023
Total receipts	<u>265,124</u>	<u>5,583</u>	<u>44,235</u>	<u>22,286</u>	<u>1,008,366</u>	<u>16,730,882</u>	<u>72,977,650</u>
Disbursements:							
Instruction	255,166	2,205	-	21,421	958,079	17,076,464	35,020,271
Support services	6,707	1,375	50,464	-	-	-	12,982,295
Noninstructional services	-	-	-	-	-	-	1,829,047
Facilities acquisition and construction	-	21,686	-	-	-	-	3,225,685
Debt service	-	-	-	-	-	-	19,722,347
Nonprogrammed charges	-	-	-	-	-	-	2,931,547
Total disbursements	<u>261,873</u>	<u>25,266</u>	<u>50,464</u>	<u>21,421</u>	<u>958,079</u>	<u>17,076,464</u>	<u>75,711,192</u>
Excess (deficiency) of receipts over disbursements	<u>3,251</u>	<u>(19,683)</u>	<u>(6,229)</u>	<u>865</u>	<u>50,287</u>	<u>(345,582)</u>	<u>(2,733,542)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	6,621,339
Transfers in	-	-	-	-	-	-	555,849
Transfers out	-	-	-	-	-	-	(591,849)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,585,339</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,251</u>	<u>(19,683)</u>	<u>(6,229)</u>	<u>865</u>	<u>50,287</u>	<u>(345,582)</u>	<u>3,851,797</u>
Cash and investments - ending	<u>\$ (17,176)</u>	<u>\$ 18,818</u>	<u>\$ (11,033)</u>	<u>\$ (1,516)</u>	<u>\$ 50,287</u>	<u>\$ 284,173</u>	<u>\$ 6,658,524</u>

SCHOOL TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Referendum Tax Levy	Debt Service	Exempt Debt	Exempt Pension Debt	Referendum Debt Exempt Capital	Capital Projects
Cash and investments - beginning	\$ (3,680,117)	\$ 985,798	\$ 1,560,679	\$ 2,004,578	\$ 60,979	\$ -	\$ 519,089
Receipts:							
Local sources	422,692	5,624,318	4,936,771	5,959,307	386,023	203,128	2,256,549
Intermediate sources	1	-	-	-	-	-	-
State sources	24,125,843	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	2,945,000	-	-	-	-	1,115,000
Other receipts	402,158	-	-	-	-	-	52,428
Total receipts	24,950,694	8,569,318	4,936,771	5,959,307	386,023	203,128	3,423,977
Disbursements:							
Instruction	12,435,375	3,805,304	-	-	-	-	-
Support services	7,856,343	17,570	-	-	-	-	1,463,679
Noninstructional services	464,793	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	501,623
Debt service	-	1,776,225	4,473,622	5,903,500	269,211	167,500	960,000
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	20,756,511	5,599,099	4,473,622	5,903,500	269,211	167,500	2,925,302
Excess (deficiency) of receipts over disbursements	4,194,183	2,970,219	463,149	55,807	116,812	35,628	498,675
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	166,232
Transfers out	-	-	(407,501)	-	-	-	-
Total other financing sources (uses)	-	-	(407,501)	-	-	-	166,232
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,194,183	2,970,219	55,648	55,807	116,812	35,628	664,907
Cash and investments - ending	\$ 514,066	\$ 3,956,017	\$ 1,616,327	\$ 2,060,385	\$ 177,791	\$ 35,628	\$ 1,183,996

SCHOOL TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 914,126	\$ 615,589	\$ 865,000	\$ 2,974	\$ -	\$ 681,482	\$ (14,999)
Receipts:							
Local sources	1,886,778	329,929	-	3	37,367	1,015,937	824,399
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	24,972	65,396
Federal sources	-	-	-	-	-	462,943	-
Temporary loans	1,040,000	320,000	-	-	-	-	-
Other receipts	35,082	-	-	-	-	100	-
Total receipts	2,961,860	649,929	-	3	37,367	1,503,952	889,795
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	2,018,076	293,019	-	-	154,584	46,805	1,596,290
Noninstructional services	-	-	-	-	-	1,593,565	-
Facilities acquisition and construction	-	-	-	-	1,832,028	-	-
Debt service	856,000	320,000	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,874,076	613,019	-	-	1,986,612	1,640,370	1,596,290
Excess (deficiency) of receipts over disbursements	87,784	36,910	-	3	(1,949,245)	(136,418)	(706,495)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	7,556,840	-	-
Transfers in	152,322	26,962	-	-	-	-	61,985
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	152,322	26,962	-	-	7,556,840	-	61,985
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	240,106	63,872	-	3	5,607,595	(136,418)	(644,510)
Cash and investments - ending	\$ 1,154,232	\$ 679,461	\$ 865,000	\$ 2,977	\$ 5,607,595	\$ 545,064	\$ (659,509)

SCHOOL TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Self- Insurance	Levy Excess	Alternative Education	Scholarships and Awards - Underwood	Donation	Formative Assessment Grant	High Ability Grant
Cash and investments - beginning	\$ 1,817,848	\$ 2,814	\$ -	\$ 825	\$ 23,088	\$ -	\$ 11,483
Receipts:							
Local sources	3,566,027	-	-	-	92,984	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	2,744	-	-	45,901	43,209
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	3,566,027	-	2,744	-	92,984	45,901	43,209
Disbursements:							
Instruction	-	-	2,744	-	9,167	-	36,360
Support services	33,459	-	-	-	52,240	32,315	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	2,953,228	-	-	250	-	-	-
Total disbursements	2,986,687	-	2,744	250	61,407	32,315	36,360
Excess (deficiency) of receipts over disbursements	579,340	-	-	(250)	31,577	13,586	6,849
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(52,000)	-	-
Total other financing sources (uses)	-	-	-	-	(52,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	579,340	-	-	(250)	(20,423)	13,586	6,849
Cash and investments - ending	\$ 2,397,188	\$ 2,814	\$ -	\$ 575	\$ 2,665	\$ 13,586	\$ 18,332

SCHOOL TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	2016 Pension Bond Refund Proceeds
Cash and investments - beginning	\$ 62	\$ (50,000)	\$ 2,760	\$ 4,920	\$ 5,993	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	2,355	-
Intermediate sources	-	-	-	-	-	-	-
State sources	173	50,000	18,750	33,711	7,508	119,199	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	173	50,000	18,750	33,711	7,508	121,554	-
Disbursements:							
Instruction	235	-	13,703	-	-	121,554	-
Support services	-	25,000	-	15,337	3,039	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	25,000	-	722	8,073	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	235	50,000	13,703	16,059	11,112	121,554	-
Excess (deficiency) of receipts over disbursements	(62)	-	5,047	17,652	(3,604)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62)	-	5,047	17,652	(3,604)	-	-
Cash and investments - ending	\$ -	\$ (50,000)	\$ 7,807	\$ 22,572	\$ 2,389	\$ -	\$ -

SCHOOL TOWN OF MUNSTER
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title I	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Prepaid School Lunch	Payroll Clearing Account	Totals
Cash and investments - beginning	\$ (17,176)	\$ 18,818	\$ (11,033)	\$ (1,516)	\$ 50,287	\$ 284,173	\$ 6,658,524
Receipts:							
Local sources	-	-	-	-	990,370	16,727,418	45,262,355
Intermediate sources	-	-	-	-	-	-	1
State sources	-	-	-	15,014	-	-	24,552,420
Federal sources	230,763	4,992	51,929	-	-	-	750,627
Temporary loans	-	-	-	-	-	-	5,420,000
Other receipts	-	-	-	-	-	-	489,768
Total receipts	<u>230,763</u>	<u>4,992</u>	<u>51,929</u>	<u>15,014</u>	<u>990,370</u>	<u>16,727,418</u>	<u>76,475,171</u>
Disbursements:							
Instruction	219,991	525	-	14,576	991,557	16,927,409	34,578,500
Support services	6,883	182	42,234	-	-	-	13,657,055
Noninstructional services	-	-	-	-	-	-	2,058,358
Facilities acquisition and construction	-	-	-	-	-	-	2,367,446
Debt service	-	-	-	-	-	-	14,726,058
Nonprogrammed charges	-	-	-	-	-	-	2,953,478
Total disbursements	<u>226,874</u>	<u>707</u>	<u>42,234</u>	<u>14,576</u>	<u>991,557</u>	<u>16,927,409</u>	<u>70,340,895</u>
Excess (deficiency) of receipts over disbursements	<u>3,889</u>	<u>4,285</u>	<u>9,695</u>	<u>438</u>	<u>(1,187)</u>	<u>(199,991)</u>	<u>6,134,276</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	7,556,840
Transfers in	-	-	-	-	-	-	407,501
Transfers out	-	-	-	-	-	-	(459,501)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,504,840</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,889</u>	<u>4,285</u>	<u>9,695</u>	<u>438</u>	<u>(1,187)</u>	<u>(199,991)</u>	<u>13,639,116</u>
Cash and investments - ending	<u>\$ (13,287)</u>	<u>\$ 23,103</u>	<u>\$ (1,338)</u>	<u>\$ (1,078)</u>	<u>\$ 49,100</u>	<u>\$ 84,182</u>	<u>\$ 20,297,640</u>

SCHOOL TOWN OF MUNSTER
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 774,623</u>	<u>\$ 382,386</u>

SCHOOL TOWN OF MUNSTER
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Cisco Capital	Cisco Smartnet Service Agreement	\$ 36,182	07/25/2014	09/01/2018
Kansas State Bank	LED Lighting Fixtures	10,033	11/01/2014	10/01/2019
Munster School Building Corporation	2016 HVAC Upgrades	158,500	11/08/2016	12/30/2028
Munster School Building Corporation	2016 Refunding Bonds	1,437,000	11/08/2016	12/31/2028
Munster School Building Corporation	2014 Elliott School Refinance	868,500	07/15/2014	01/15/2029
Munster School Building Corporation	2017 Exempt Refunding Bonds	3,421,000	06/28/2008	12/31/2020
Munster School Building Corporation	2017 Refunding Bonds	477,000	07/05/2009	12/31/2023
Munster School Building Corporation	2009 High School Renovations/Pool	3,582,000	06/30/2010	12/31/2020
Munster School Building Corporation	2011A High School Pool Demo.	423,000	06/30/2012	12/31/2020
Munster School Building Corporation	2011B Middle School Pool Demo.	86,000	06/30/2012	06/30/2021
U.S. Bank Equipment Finance	Copiers	<u>123,828</u>	03/24/2014	06/25/2019
Total of annual lease payments		<u>\$ 10,623,043</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Taxable Pension Bonds	\$ 4,555,000	\$ 456,519
Tax anticipation warrants	Tax Anticipation Warrants	5,420,000	5,536,970
Notes and loans payable	Referendum Tax Levy Anticipation Note	<u>750,000</u>	<u>511,329</u>
Totals		<u>\$ 10,725,000</u>	<u>\$ 6,504,818</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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE SCHOOL TOWN OF MUNSTER, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the School Town of Munster's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2018-003, 2018-004, 2018-005, and 2018-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Cash Management, Equipment and Real Property Management, Procurement and Suspension and Debarment, and Program Income that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

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, 2016 to June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-007, 2018-008, and 2018-009. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, and 2018-009, that we consider to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

February 13, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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SCHOOL TOWN OF MUNSTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2016-18	\$ -	\$ 33,126	\$ -	\$ 36,115
National School Lunch Program	Indiana Department of Education	10.555	FY 2016-18	-	382,010	-	426,828
School Lunch			FY 2016-18	-	189,237	-	188,298
Commodities							
Total - National School Lunch Program				-	571,247	-	615,126
Total - Child Nutrition Cluster				-	604,373	-	651,241
Total - Department of Agriculture				-	604,373	-	651,241
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed. Part B			14216-062-PN01	-	406,069	-	-
Special Ed. Part B			14217-062-PN01	-	467,839	-	404,286
Special Ed. Part B			18611-062-PN01	-	-	-	574,183
Total - Special Education Grants to States				-	873,908	-	978,469
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool Grant			18619-062-PN01	-	-	-	3,292
Special Education Preschool Grant			45716-062-PN01	-	22,226	-	-
Special Education Preschool Grant			45717-062-PN01	-	8,090	-	23,601
Total - Special Education Preschool Grants				-	30,316	-	26,893
Total - Special Education Cluster (IDEA)				-	904,224	-	1,005,362
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I FY2015-16			S010A150014	-	82,765	-	-
Title I FY2016-17			S010A160014	-	182,360	-	61,231
Title I FY2017-18			S010A170014	-	-	-	169,532
Total - Title I Grants to Local Educational Agencies				-	265,125	-	230,763
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III PartA-Eng Lang Aqoi			01116-058-PN01	-	6,681	-	-
Title III Part A-Eng Lang Aqoi 2016-18			01117-056-PN01	-	15,605	-	4,020
Title III PartA-Eng Lang Aqoi			01118-054-PN01	-	-	-	10,994
Total - English Language Acquisition State Grants				-	22,286	-	15,014
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A 2014-16			S367A140013	-	1,773	-	-
Title II Part A 2015-17			S367A150013	-	42,462	-	12,284
Title II Part A 2016-18			S367A160013	-	-	-	32,820
Title II Part A 2017-19			S367A170013	-	-	-	6,826
Total - Supporting Effective Instruction State Grants				-	44,235	-	51,930
Total - Department of Education				-	1,235,870	-	1,303,069
Total federal awards expended				\$ -	\$ 1,840,243	\$ -	\$ 1,954,310

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

SCHOOL TOWN OF MUNSTER
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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

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

Note 4. Subsequent Event - Special Education Cooperative

As of January 2018, the School Corporation approved to withdraw from the Cooperative effective June 30, 2019, with payroll paid by the Cooperative through August 31, 2019.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Unmodified

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of segregation of duties as the School Corporation had not separated incompatible activities related to receipts, disbursements, financial reporting, and the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Receipts

One individual issued and recorded receipts, prepared the deposits, took the deposits to the bank, and reviewed the monthly reconciliation of the bank balance to the record balance without an oversight or review process.

Disbursements

There was no evidence of a consistently implemented review process by the Treasurer throughout the audit period. Also, there were not controls to ensure that the Treasurer certified disbursements when a purchase order was used as the claim.

The Payroll Specialist input, prepared, recorded, and remitted payrolls, and performed the monthly reconciliation of the bank balance to the record balance without an effective oversight or review process.

Financial Reporting

The Form 9 included the financial activity of all funds and was the basis for the financial statement. It was signed by the Treasurer, Superintendent of Schools, and President of the School Board, as required; however, there was no evidence of a review or other compensating control to ensure its accuracy before submission to the Indiana Department of Education.

SEFA

One employee prepared the SEFA without evidence of oversight or review.

Context

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

Criteria

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

"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. . . ."

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the School Corporation had not established a proper system of internal control that segregated key functions.

Effect

The failure to establish and properly implement controls over financial transactions and reporting could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation establish a system of internal controls, including segregation of duties, related to financial transactions and reporting.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: Child Nutrition Cluster - Internal Controls

Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Program Income, Reporting, Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP),
Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior year. The prior audit finding number was 2016-003.

Condition

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

Eligibility

The School Corporation did not have documented controls in place to ensure that the income guidelines used to determine eligibility by the software application were accurate after each annual update.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Program Income (Assessing and Recording)

The School Corporation had a review process in place over program income; however, the process was not consistently documented for all collection points.

Reporting

There was no documentation that an oversight or review process had been established to ensure the accuracy of the Annual Financial Reports and School Food Authority (SFA) Verification Collection Reports (Verification Summary Reports) prior to submission.

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

Eligibility verifications performed as part of the Verification Summary Reports were performed by one individual. There was no documented oversight or review process or other compensating control to ensure that eligibility determinations were accurate.

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

One individual completed the paid lunch equity calculation without an oversight or review process to ensure the accuracy of the calculation.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not developed or implemented a system of internal control to ensure compliance with the grant agreement and the compliance requirements listed above.

Effect

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

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the 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 2018-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income
Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Program Income
Audit Findings: Material Weakness, Modified Opinion

Condition

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

A review process of the disbursements posted to the School Lunch fund had been established; however, it was determined to be ineffective since the School Corporation failed to receive prior approval from the federal pass-through agency for the purchase of equipment over \$5,000. The purchase of the equipment, which included the use of program income funds, was not made in accordance with federal guidelines.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period as equipment purchased totaled \$426,722, which was 14 percent of program disbursements.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.439 states in part:

". . . (b) The following rules of allowability must apply to equipment and other capital expenditures: . . .

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. . . ."

2 CFR 200.307(e) states in part:

"Use of program income. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. . . . When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures. . . .

(2) *Addition.* With prior approval of the Federal awarding agency (except for IHEs and nonprofit research institutions, as described in paragraph (e) of this section) program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award. . . ."

7 CFR 210.14(a) states in part:

"Nonprofit school food service. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*). . . ."

7 CFR 220.7(e) states in part:

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

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. . . .(ii) In accordance with the financial management system established under § 220.13(i) of this part, use all revenues received by such food service only for the operation or improvement of that food service *Except that*, facilities, equipment, and personnel support with funds provided to a school food authority under this part may be used to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*); . . ."

Cause

The School Corporation's management had not developed an effective internal control structure to ensure compliance with the grant agreement and ensure that federal pass-through prior approval was obtained for equipment purchases over \$5,000.

Effect

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

Questioned Costs

Known questioned costs of \$426,722 were identified, as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish effective internal controls to ensure compliance and comply with 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 2018-004

Subject: Child Nutrition Cluster - Cash Management
Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

SCHOOL TOWN OF MUNSTER
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 Cash Management compliance requirement.

The School Corporation did not have documented controls in place to ensure that 3 months average expenditures were calculated for comparison to monthly cash balances or to ensure that the comparison was performed.

The School Corporation did not comply with the cash management requirement that cash balances (net cash resources) be limited to 3 months average expenditures during the audit period. The School Lunch fund monthly net cash resources exceeded 3 months average expenditures during the audit period.

Although the School Corporation indicated that a spending plan was in place for 2016-2017 and implemented during 2017-2018, no spending plan was in place for 2017-2018.

Context

The lack of controls and noncompliance were systemic issues during the audit period. The School Lunch fund monthly net cash resources exceeded 3 months expenditures for 20 of the 24 months in the audit period. Once the 2016-2017 spending plan was implemented in 2017-2018, the monthly net cash resources requirement was met; however, by June 2018, the net cash resources exceeded the 3 months average expenditures again.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

7 CFR 220.7(e) states in part:

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

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

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed a system of internal control that would have ensured compliance with the Cash Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-005

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): FY 2016-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

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 equipment requirements.

The School Corporation did not have adequate policies and procedures to ensure that the proper equipment records were maintained in accordance with 2 CFR 200.313. The School Corporation had not created a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property.

The School Corporation did not comply with the equipment requirements. A complete list of equipment acquired with federal awards was not maintained. Also, the equipment inventory was determined to be incomplete. The inventory did not identify equipment purchased with federal awards, serial numbers or other identification numbers, or disposal dates.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation was required to maintain property records and perform a physical inventory with the results reconciled with the property records at least once every two years. A reconciled physical inventory was not provided for audit.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313 states in part:

". . . (b) . . . Other non-Federal entities must follow paragraphs (c) through (e) of this section.
. . .

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

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

(e) *Disposition.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency. . . ."

Cause

The School Corporation's management had not developed or implemented a system of internal controls that would have ensured compliance with the equipment requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

FINDING 2018-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior year. The prior audit finding number was 2016-004.

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.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with their procurement procedures or with applicable state and local requirements. An oversight, review, or approval process to ensure compliance was not established.

The School Corporation did not follow procurement requirements for purchases which exceeded the simplified acquisition threshold of \$150,000. A remodel project to expand food service operations was broken into three phases and circumvented the bidding procedures required for acquisitions over \$150,000. The Food Service Director obtained quotes and entered into contracts for each phase of the project. However, the School Corporation should have obtained bids and the Food Service Director did not have contracting authority per the School Corporation's procurement policies.

The School Corporation did not always obtain price or rate quotes for purchases of goods or services exceeding \$3,500 from an adequate number of sources, which fell under the small purchase procedures. The School Corporation also did not document the rationale for the method of procurement, especially when a noncompetitive proposal method was used.

Suspension and Debarment

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

The School Corporation did not verify that parties with whom they entered into contracts over \$25,000 were not excluded or disqualified in accordance with the School Corporation's procurement policy.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period. The remodel project total costs were \$338,516, which was 11 percent of the total School Lunch fund disbursements. The small purchases procedures applied to 24 vendors and totaled \$668,074 of disbursements, which was 22 percent of the total School Lunch fund disbursements. For each year of the audit, two vendors required suspension and debarment verification.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.318(i) states:

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

2 CFR 200.320 states in part:

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

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

(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.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (v) Any or all bids may be rejected if there is a sound documented reason. . . .
- (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 CFR 200.318(a) states: "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."

School Town of Munster Procurement - Federal Grants/Funds Policy 6325 states in part: "Except as otherwise noted, procurement transactions shall conform to the provisions of the Corporation's documented general purchasing Policy [6320](#) and AG [6320A](#)."

School Town of Munster Purchasing Policy 6320 states in part:

"It is the policy of the School Board that the Director of Financial Operations or treasurer shall act as the purchasing agent for the Board. . . .

When the purchase of, and contract for, single items of supplies amounts to \$150,000 or more the Director of Financial Operations or treasurer shall obtain competitive bids.

Bids shall be sealed and shall be opened by a committee designated by the purchasing agent publicly in the presence of one (1) or more witnesses at the time and place fixed by the advertisement for bids. The committee must include at least two (2) Board members or at least two (2) Corporation employees. Bids must be read aloud and tabulated publicly and must be available for inspection. All orders or contracts shall be awarded to the lowest responsive and responsible bidder."

2 CFR 180.300 states:

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

You do this by:

- (a) Checking 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."

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed a system of internal control 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 material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-007

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation had established a review process to ensure the accuracy of the monthly Sponsor Claims (claims for reimbursement); however, that process was not effective. The review process did not detect errors in which the claims for reimbursement were not supported by the School Corporation's financial records.

Context

The lack of controls and the inaccurate claims for reimbursement were systemic issues throughout the audit period. There were errors on four of the eight monthly claims for reimbursement tested.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

The School Corporation's management had not developed an effective system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-008

Subject: Special Education Cluster (IDEA) - Earmarking, Reporting
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, Special Education Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 14216-062-PN01, 14217-062-PN01,
45716-062-PN01, 45717-062-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of a special education cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education (IDOE) and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the compliance requirements.

An effective internal control system was not in place at the School Corporation to ensure compliance with the earmarking and reporting requirements.

Earmarking

The School Corporation did not have effective internal controls in place to ensure compliance with the earmarking requirement that they expend at least an amount that was the same proportion of the total subgrant as the number of nonpublic school students with disabilities within its boundaries was to the total of students with disabilities of the same age range.

A spreadsheet was maintained to track the required amount of expenditures for the nonpublic schools. The spreadsheet contained a formula error, which resulted in expenditures of \$20,577 less than required to meet the earmarking requirements. There was no evidence of an oversight, review, or approval process to ensure the accuracy of the calculations by the Cooperative.

Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the Quarterly Summary for Proportionate Share and the Final Financial reports were completed accurately.

The Quarterly Summary for Proportionate Share reports submitted to the IDOE were not accurate. There was a formula error for the calculation of the total benefits on the proportionate share tracking spreadsheets that were used to create the quarterly reports. The expenditures were overstated by \$24,441. The Final Financial report was also incorrect in the nonpublic proportionate share line item as noted for the Quarterly Summary for Proportionate Share reports. There was no evidence of an oversight, review, or approval process to ensure the accuracy of the reports prior to submission by the Cooperative.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls and the noncompliance were systemic issues during the 2016-2017 school year. The lack of controls overreporting of the Final Financial report was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools and facilities, must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools or facilities within its boundaries, is to the total number of students with disabilities of the same age range."

2 CFR 200.302(b) states in part:

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

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting . . ."

Cause

The School Corporation had not developed a system of internal control that would have ensured compliance with the grant agreement and the earmarking and reporting requirements.

Effect

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

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Matching, Level of Effort, Earmarking and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2018-009

Subject: Special Education Cluster (IDEA) - Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14217-062-PN01, 18611-062-PN01,
45717-062-PN01, 18619-062-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of a special education cooperative (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education (IDOE) and the School Corporation, the School Corporation was ultimately responsible for compliance with the grant agreement and the compliance requirements.

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 suspension and debarment requirements.

The Cooperative failed to verify that parties with whom covered transactions were entered were not suspended or debarred from participation in federal programs. There was no evidence of an oversight, review, or approval process by the School Corporation to ensure the Cooperative's compliance with the suspension and debarment requirements.

Context

The lack of effective controls and the noncompliance were systemic issues during the 2017-2018 school year.

SCHOOL TOWN OF MUNSTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 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 suspension and debarment requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

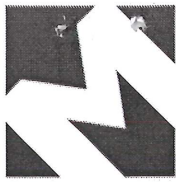
We recommended that the School Corporation establish controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



ADMINISTRATION CENTER
8616 COLUMBIA AVENUE • MUNSTER, INDIANA 46321
PHONE: 219-836-9111 • FAX: 219-836-3215

DR. YVONNE STOKES
ASSISTANT SUPERINTENDENT

MR. WILLIAM MELBY
DIRECTOR OF FINANCIAL OPERATIONS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016

Pass-Through Entity:

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer (11-1-18)
219-836-9111

Status of Audit Finding:

Views of Responsible Official: The finding, as stated is correct, however School Town of Munster is dealing with an extremely minimal staff and does not have the luxury of having staff cross-trained in order to segregate the business office duties further.

Receipts and Expenditures for each month are provided to the Administrative Team and the Managing School Board after the end of each month. The monthly accounts payable register (with payroll expenditures) are approved at the regular school board meeting each month.

The Form 9 is a 6-month compilation of all of the receipt and expenditure (including payroll) information that has already been provided to the administration and managing school board on a monthly basis and they have approved at their monthly school board meeting.

The SEFA has been prepared by the person responsible for the Gateway Annual Financial Report.

Description of Corrective Action Plan: The business office will continue to provide the Administrative Team and the Managing School Board with the monthly reports and will continue the accounts payable register approval at their regularly scheduled meetings.

The business office will continue to look for ways to incorporate other individuals in a review and oversight manner.

Once again, the business office will attempt to keep the bank reconciliements more up-to-date. The fall is an extremely busy time with getting the school year up and running for a new school year and this task loses its priority with everything else that must be done.

In future preparation of the Gateway Annual Financial Report, including the SEFA, STM will include oversight from the individuals involved in securing the various grants.

Anticipated Completion Date: This will be a work in progress.



SCHOOL TOWN of
MUNSTER

ADMINISTRATION CENTER
8616 COLUMBIA AVENUE • MUNSTER, INDIANA 46321
PHONE: 219-836-9111 • FAX: 219-836-3215

DR. JEFFREY HENDRIX
SUPERINTENDENT

MR. STEVEN TRIPENFELDAS
ASSISTANT SUPERINTENDENT

DR. YVONNE STOKES
ASSISTANT SUPERINTENDENT

MR. WILLIAM MELBY
DIRECTOR OF FINANCIAL OPERATIONS

The audit period of July 1, 2016 to June 30, 2018, be no changes to the above. The employees that were responsible for the corrective action have retired from the school.

Starting 11-1-18 have started having Benefits Specialist & either (Director of Financial Operations or Corporation Treasurer) check the payroll report and sign the report. The voucher docket is viewed by either the Director of Financial Operations or Corporation Treasurer and the report is signed. At the School Board meeting have the School Board approve the Claims and Payroll voucher report, which is signed and keep with the board minutes.

Starting with the Form 9 – July 1, 2018 to December 31, 2018 going to be viewed by either the Director of Financial Operations or Deputy Treasurer/Accounts Payable and signed.

Around, June 2018 the bank recon's got divided up between Payroll and Accounts Payable. Starting 11-1-18 the bank recon's are divided up between Payroll and Deputy Treasurer/Accounts Payable and reviewed by either Corporation Treasurer or Director of Financial Operations. We have talked and have a plan with Low (financial software company) to change our Bank Recon software to a full Bank Recon software. Starting 11-1-18, we have gone to the Corporation Treasurer handing out all the bank statements within the first week of the next month and all bank recon done within a week. (Example: Feb. 1st to 8th Corporation Treasurer handout the bank statements from January 2019, and bank statements be done by February 18th).

Starting on 11-1-18 the Gateway Annual Financial Report, Newspaper Annual Report, and SEFA report are going to be viewed and signed by either the Director of Financial Operations or Deputy Treasurer/Accounts Payable.


(Signature)

Corporation Treasurer

(Title)

1/17/18

(Date)



ADMINISTRATION CENTER
8616 COLUMBIA AVENUE · MUNSTER, INDIANA 46321
PHONE: 219-836-9111 · FAX: 219-836-3215

DR. YVONNE STOKES
ASSISTANT SUPERINTENDENT

MR. WILLIAM MELBY
DIRECTOR OF FINANCIAL OPERATIONS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
U.S. Department of Agriculture
School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer (11-1-18)
Contact Phone Number: 219-836-3204

Status of Audit Finding:

Views of Responsible Official: The School Town of Munster and Food Service Department concur with the finding:

Description of Corrective Action Plan: CASH MANAGEMENT

Anticipated Completion Date: The Food Service Director will work with the Treasurer to monitor cash balances more frequently. This corrective action plan will be implemented with the 2017-2018 School Year.

The audit period of July 1, 2016 to June 30, 2018, be no changes to the above. The employees that were responsible for the corrective action have retired from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells. Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations,

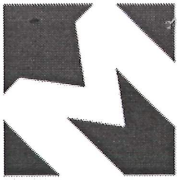
We have started in November of 2018 printing monthly ledgers of the Food Service fund and giving to Chartwells.

We started with the December 2018 NSLP monthly on line report the following process:

- Chartwells has all the information and enters into the online system.
- They email to the Corporation Treasurer all the reports and a signed Monthly NSLP Sponsor Claim form that complete online.
- Corporation Treasurer runs a report and verifies everything entered online and submits the claim. (Working with Nutri-Kids Software and our Technology department to get all the access).
- Corporation Treasurer signs the Monthly NSLP Sponsor Claim form, prints off submitted report and emails back to Chartwells.

The processes are going to be a work in progress. We have been in contact with the School and Community Nutrition Program about all the things need to look at with a third party.

Corporation Treasurer has a spreadsheet made with monthly revenue and expenses and calculation for look at three month total for cash. Corporation Treasurer has a spreadsheet made with yearly totals. Both spreadsheets go back to year 2000 to current (2019).



SCHOOL TOWN *of*
MUNSTER

ADMINISTRATION CENTER
8616 COLUMBIA AVENUE • MUNSTER, INDIANA 46321
PHONE: 219-836-9111 • FAX: 219-836-3215

DR. JEFFREY HENDRIX
SUPERINTENDENT

MR. STEVEN TRIPENFELDAS
ASSISTANT SUPERINTENDENT

DR. YVONNE STOKES
ASSISTANT SUPERINTENDENT

MR. WILLIAM MELBY
DIRECTOR OF FINANCIAL OPERATIONS

Sherie Britton

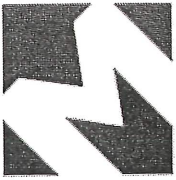
(Signature)

Corporation Treasurer

(Title)

1/18/19

(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
U.S. Department of Agriculture
School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer (11-1-18)
Contact Phone Number: 219-836-3204

Status of Audit Finding:
Views of Responsible Official: The School Town of Munster and Food Service Department concur with the finding.

Description of Corrective Action Plan: ELIGIBILITY

Anticipated Completion Date: The Food Service Department plans to refine their procedures. This corrective action plan will be implemented with the 2017-2018 School Year.

The audit period of July 1, 2016 to June 30, 2018, be no changes to the above. The employees that were responsible for the corrective action have retired from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells. Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

Corporation Treasurer had a meeting on 1-17-19 with the Director of Dining Services (Chartwells) to talk about how things need to be done. Chartwells is pulling the Direct Cert Report and processing paper applications. The manager is processing the paperwork and the Director of Dining Services are viewing the applications. We are working on how all should go with a third party. We need to add a layer in that the Corporation Treasurer or Director of Financial Operations go over a spot check a few applications.

We are going to have the Corporation Treasurer or Deputy Treasurer/Accounts Payable check that the correct Income Eligibility Guidelines from Department of Agriculture have been entered into the system. That is to be done at the beginning of each school year. We are going to start that with the 2019-2020 school year.

We are going to be a work in process for a while. We have been in contact with the School and Community Nutrition Program and talking with State Board of Accounts.


(Signature)

Corporation Treasurer

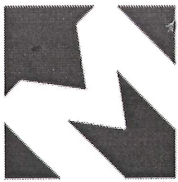
(Title)

1-18-19

(Date)

SCHOOL TOWN OF

A District of National Distinction



ADMINISTRATION CENTER
8616 COLUMBIA AVENUE • MUNSTER, INDIANA 46321
PHONE: 219-836-9111 • FAX: 219-836-3215

DR. YVONNE STOKES
ASSISTANT SUPERINTENDENT

MR. WILLIAM MELBY
DIRECTOR OF FINANCIAL OPERATIONS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-004

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
U.S. Department of Agriculture
School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer (11-1-18)
Contact Phone Number: 219-836-3204

Status of Audit Finding:
View of Responsible Official: The School Town of Munster and Food Service Department concur with the finding.

Description of Corrective Action Plan: PROCUREMENT

Anticipated Completion Date: The Food Service Department will have Board Approval for future contracts. This corrective action plan will be implemented with the 2017-2018 School Year.

The audit period of July 1, 2016 to June 30, 2018, be no changes to the above. The employees that were responsible for the corrective action have retired from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells.
Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

All the purchasing and contracts had been completed before either Chartwells, Corporation Treasurer, or Director of Financial Operations arrived.

We are going to be having the Deputy Treasurer/Accounts Payable start conducting search to verify the bidders and vendors have not been suspended or debarred. We are going to print the report and file in a vendor file.

All contracts, agreements, and purchases are going to come to either the Corporation Treasurer or Director of Financial Operations to be viewed and handle in the correct way. We are going to set up a process for purchasing and fixing things in the Food Service area, knowing that we have Chartwells. Going to be a work in progress as we get all set.

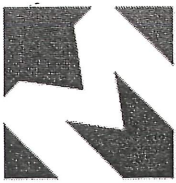

(Signature)

Corporation Treasurer

(Title)

1-18-19

(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-005

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4740, 15-1740, 16-4740
Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer (11-1-18)
Contact Phone Number: 219-836-9111

Status of Audit Finding:
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As we acquire a new Assistant Superintendent July 1, 2017, I will discuss these audit findings with the new personnel and determine a process to move forward with compliance in all three areas.

Anticipated Completion Date: This will be a work in progress.

The audit period of July 1, 2016 to June 30, 2018, be no changes to the above. The employees that were responsible for the corrective action have retired from the school.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

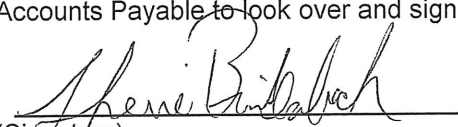
Going to talk with Assistant Superintendent (Grand Administrator for all grants) and go over how things are being handled. We are going to start printing monthly reports of financials and giving to the Assistant Superintendent. Starting with school year 2019-2020 going to have the Title I teacher print off list of student's determination and sign and send to Assistant Superintendent for review and signature.

Going to have Data Specialist print a report of the with all the schools free and reduced numbers at the beginning of the school year, Food Service print a report on all the schools free and reduced numbers and both sign and send report to Assistant Superintendent to review in the Title I application.

Starting with the Form 9 – July 1, 2018 to December 31, 2018 going to be viewed by either the Director of Financial Operations or Deputy Treasurer/Accounts Payable and signed.

Starting with the second pay in February 2019 going to have payroll print off list of people being paid from grants and have the Assistant Superintendent sign that all is correct.

We have started having the Director of Financial Operations or Deputy Treasurer/Accounts Payable to look over and sign all reimbursements for the grants.


(Signature)

Corporation Treasurer

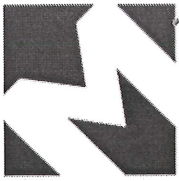
(Title)

1-19-19

(Date)

SCHOOL TOWN OF

A District of National Distinction



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-006

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
U.S. Department of Education
Special Education Grants to States, Special Education Preschool Grants
CFDA Numbers: 84.027, 84.172
Federal Award Numbers and Years (or Other Identifying Numbers): 14213-064-PN01, 14214-064-PN01, 14215-064-PN01, 14216-064-PN01, 99914-064-TA01, 45714-064-PN01, 45715-064-PN01, 45716-062-PN01
This is a repeat of Finding 2014-006 from the immediate prior year.
Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer (11-1-18)
Contact Phone Number: 219-836-9111

Status of Audit Finding:
Views of Responsible Official: We disagree with the finding.

Description of Corrective Action Plan: As stated in the previous corrective action plan, School Town of Munster participates in the West Lake Special Education Cooperative with Lake Central Schools. When completing School Town of Munster's portion of the level of effort – maintenance of effort, the appropriate Form 9 data was used, which has been reviewed by administration and the board of school trustees, as part of the ongoing information that comprises the Form 9 data.

When preparing future level of effort – maintenance of effort documents to be provided to Lake Central Schools for grant submission, the documents will be reviewed with the superintendent of schools with more substantial notations as to what has been reviewed.

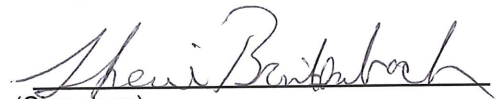
Anticipated Completion Date: next submission

The audit period of July 1, 2016 to June 30, 2018, be no changes to the above. The employees that were responsible for the corrective action have retired from the school.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

School Town of Munster still participates in the West Lake Special Education Cooperative with Lake Central Schools. Lake Central Schools is the LEA of the Cooperative. The West Lake Special Education Cooperative is splitting at the end of School Year 2018-2019.

We received information from Lake Central Schools when it comes time to complete the maintenance of effort. In the current year received and saved the file from Lake Central Schools. The Corporation Treasurer completed the maintenance of effort for School Town of Munster and had the Assurance Document signed by School Town of Munster's Superintendent and Lake Central Schools Director of Business Services.


(Signature)

Corporation Treasurer

(Title)

1-19-19

(Date)

SCHOOL TOWN OF

A District of National Distinction



CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.
We want to state that the Audit recommendation will be corrected.

Description of Corrective Action Plan:

1. Receipts: The Corporation Treasurer enters the receipts into the finical software. The deposit slip is written up by the Corporation Treasurer and checked and initialed by the Deputy Treasurer/Accounts Payable or Director of Financial Operations. The deposit is taken to the bank by Corporation Treasurer or Deputy Treasurer/Accounts Payable. When an individual walks in and gives cash or check to anyone they write a handwritten receipt and put on receipt log and turn in at the end of the day to the Corporation Treasurer. The mail is opened by Superintendents Sectary or Sectary/ Transportation Supervisor and if cash or check they write a hand written receipt and enter on receipt log. The end of the day they turn all into the Corporation Treasurer. The Corporation Treasurer pulls the bank statements each month for each bank and hands out to Payroll and Deputy Treasurer/Accounts Payable the bank statements that each are responsible to complete. The Corporation Treasurer hands out all the bank statements within the first week of the next month and all bank recon are to be done within a week. (Example: Feb. 1st to 8th Corporation Treasurer hands out the bank statements from January 2019, and bank recon be done by February 18th.) They are then reviewed by the Corporation Treasurer or Director of Financial Operations. When they are done with each bank recon they date and sign the bank statement. When the Corporation Treasurer or Director of Financial Operations reviews the bank statement the date and sign.
2. Disbursements: The Corporation Treasurer looks at each voucher claim and signs. We are going to be updating and holding meetings on the process for purchasing and payment of claims. The Payroll Specialist does not complete the bank recon for the two banks that involve payroll. They are completed by the Deputy Treasurer/Accounts Payable. The Payroll Trail Register is reviewed by Benefits Specialist and Director of Financial Operations, which they date and sign. When that is complete the Payroll Specialist can complete the payroll run. The Corporation Treasurer then approves the payroll claim that goes to the School Board each month.
3. Financial Reporting: The Form 9, Gateway Annual Financial Report, Newspaper Annual Report, and the SEFA are all going to be reviewed by the Director of Financial Operations or Deputy Treasurer/Accounts Payable.



Anticipated Completion Date:

1. Starting in November 2018 the deposits, bank recon, bank statements all got started. The receipts and receipt log got started 2-8-19.
2. The Corporation Treasurer seeing and signing voucher claims started in December 2018. The Payroll Specialist not completing own bank recon was done in November 2018. The Payroll Trail Register being reviewed and signed started November 2018. The Corporation Treasurer signing and approving voucher and payroll claim for School Board started with the February 2019 board meeting.
3. Starting with the Form 9 – July 1, 2018 to December 31, 2018 going to be viewed by either the Director of Financial Operations or Deputy Treasurer/Accounts Payable and signed. After November 2018 and when the listed reports come due going to be reviewed and signed by Director of Financial Operations or Deputy Treasurer/Accounts Payable. The reports are: Gateway Annual Financial Report, Newspaper Annual Report, and SEFA.



(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells.

We want to state that the Audit recommendation will be corrected.


Description of Corrective Action Plan:

1. Eligibility: Two times within a school year the Business Office is going to go on the UDSA website and print out the Federal Register with the income guidelines and compare to what is on the Food Service application system. One of the times is going to be after the Technology Staff has rolled all the student systems for the new school year and the second time is going to be about halfway thru the school year.
2. Program Income: Corporation Treasurer has a excel spreadsheet of the yearly revenue, expenditure, gain or loss, and fund balance. Corporation Treasurer has a excel spreadsheet tracking a three month balance per the SBOA way. Corporation Treasurer sends monthly revenue and expenditure reports over to Food Service. At the end of the day the cashier counts cash drawer, gives to kitchen supervisor, and the kitchen supervisor counts all draws, balances to reports, writes up the deposit ticket, and gives locked bank bag to the ECA Treasurer. The ECA Treasurer takes the bank bag to the bank to make the deposit. When back the ECA Treasurer receipts into the system and gives back to kitchen supervisor. The end of the month the ECA Treasurer makes sure balances with Food Service Manager.
3. Reporting: When the Annual Financial report is completed is going to be done by Food Service and reviewed and submitted by the Corporation Treasurer. The NSLP monthly online report is going to be handled as: Chartwells has all the information and enters into the online system. They email to the Corporation Treasurer all the reports and a signed monthly NSLP Sponsor Claim form that all complete. The Corporation Treasurer runs a report and verifies everything entered online and submits the claim. The Corporation Treasurer signs the Monthly NSLP Sponsor Claim form, prints off submitted report and emails back to Chartwells.
4. Special Tests and Provisions: Verification of Free and Reduced Price Applications are going to be done and entered by the Food Service Manager and checked over by Director of Dining Services and initials. The Deputy Treasurer/Accounts Payable or New employee will review the verified applications set by DOE that must be review in a school year and date and initial. All the applications are going to be keep in a file.
5. Special Test and Provisions-Paid Lunch Equity-National School Lunch Program Only: We are going to have the Director of Dining Services complete the PLE. They are going to bring everything over to the Corporation Treasurer or Director of Financial Operations to go over and both parties sign off. Then the proper memo be taken to the School Board by Corporation Treasurer or Director of Financial Operations.



Anticipated Completion Date:

1. Starting with the 2019-2020 school year rollover of the students systems.
2. Started sending monthly reports in December 2018 and went back to July 2018 to Food Service. Started and went back to 2000 on the excel spreadsheets in December 2018.
3. Starting with the 2018-2019 Annual Financial report. In December 2018 started the NSLP process.
4. Going to start with the 2019-2020 school year.
5. Going to start with the 2019-2020 school year.


(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

We want to state that the Audit recommendation will be corrected.

Description of Corrective Action Plan:

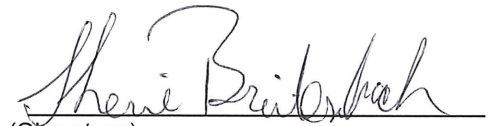
All the purchasing and contracts had been completed before either Chartwells, Corporation Treasurer, or Director of Financial Operations arrived.

We are going to be having the Deputy Treasurer/Accounts Payable start conducting search to verify the bidders and vendors have not been suspended or debarred. We are going to print the report and file in a vendor file.

All contracts, agreements, and purchases are going to come to either the Corporation Treasurer or Director of Financial Operations to be viewed and handle in the correct way. We are going to set up a process for purchasing and fixing things in the Food Service area. We have let Chartwells and Head of Maintenance know that NO repair or purchase of \$5,000 or more can be done until approval from Department of Education.

Anticipated Completion Date:

Starting as of December 2018.


(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-004

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

We want to state that the Audit recommendation will be corrected

Description of Corrective Action Plan:

Three month average expenditures calculated and spending plan.

Corporation Treasurer has a excel spreadsheet of the yearly revenue, expenditure, gain or loss, and fund balance.

Corporation Treasurer has a excel spreadsheet tracking a three month balance per the SBOA way. Corporation

Treasurer sends monthly revenue and expenditure reports over to Food Service. At the end of each school year

going to check our three month average and see if we need to complete a spending plan. We are going to contact

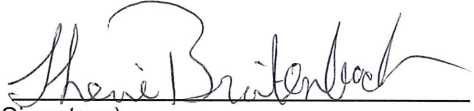
the Department of Education to see if we needed a plan for the current school year. The Director of Financial

Operations or Deputy Treasurer/Accounts Payable to check the numbers on the report for the three month

average.

Anticipated Completion Date:

Started sending monthly reports in December 2018 and went back to July 2018 to Food Service. Started and went back to 2000 on the excel spreadsheets in December 2018. Start at the end of the current school year.


(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-005

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

We want to state that the Audit recommendation will be corrected

Description of Corrective Action Plan: Capital Assets

We are going to have a company come in and update and complete a capital asset inventory. We are going to have an inventory sheet to be completed by each kitchen supervisor. The inventory sheet is going to be keep in the Food Service office and a copy sent over to the Deputy Treasurer/Accounts Payable.

Anticipated Completion Date:

Have the inventory sheet by the end of the current school year. Have the company come in and complete Capital Asset report by January 2020.

(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-006

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

We want to state that the Audit recommendation will be corrected

Description of Corrective Action Plan:

Procurement and Suspension and Debarment and Sealed Bids and Quotes:

We are going to meet with and look over the Chartwells contract to make sure we meet all the requirements for Procurement.

All the purchasing and contracts had been completed before either Chartwells, Corporation Treasurer, or Director of Financial Operations arrived.

We are going to be having the Deputy Treasurer/Accounts Payable start conducting search to verify the bidders and vendors have not been suspended or debarred. We are going to print the report and file in a vendor file.

All contracts, agreements, and purchases are going to come to either the Corporation Treasurer or Director of Financial Operations to be viewed and handle in the correct way. We are going to set up a process for purchasing and fixing things in the Food Service area. We have let Chartwells and Head of Maintenance know that NO repair or purchase of \$5,000 or more can be done until approval from Department of Education.

Anticipated Completion Date:

The steps have already been started in January 2019 and the rest be started at the beginning of the next school year 2019-2020.

(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-007

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

With the start of the 2018-2019 school year the School Town of Munster has contracted with Chartwells.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

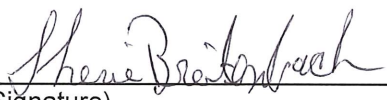
We want to state that the Audit recommendation will be corrected

Description of Corrective Action Plan:

Inaccurate meal counts: The Director of Dining Services is going to complete a Meal Monthly Count Sheet and send to the Corporation Treasurer at the end of each month. The Corporation Treasurer or Deputy Treasurer/Accounts Payable print a report and compare and make sure numbers are correct.

Anticipated Completion Date:

Start with the month of February 2019.



(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-008

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school...

We are a member of special education cooperative and not the LEA.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

We want to state that the Audit recommendation will be corrected


Description of Corrective Action Plan:

Earmarking- Reporting: We are going to ask the LEA (Lake Central Community Schools) for reports and copy of the spreadsheet used to maintain and track the required amount of expenditures for the nonpublic schools. We are going to ask to see that the formula error has been corrected. We are going to ask for all reports that support the reimbursements, quarterly reports, and final report are gone over with School Town of Munster Corporation Treasurer and both Corporation Treasures have signed before being submitted.

The special education cooperative is breaking up as of June 30, 2019 and running payroll thru August 2019. Upon the special education cooperative breaking apart we are going to follow our policies.

Anticipated Completion Date:

We plan on starting the process in March 2019.



(Signature)

Corporation Treasurer

(Title)



CORRECTIVE ACTION PLAN

FINDING 2018-009

Contact Person Responsible for Corrective Action: Sherie Breitenbach, Corporation Treasurer
Contact Phone Number: 219-836-9111

Views of Responsible Official:

The audit period of July 1, 2016 to June 30, 2018, the employees that were responsible for the corrective action have retired or left from the school.

We are a member of special education cooperative and not the LEA.

Starting on 11-1-18 we have a new Corporation Treasurer and Director of Financial Operations.

We want to state that the Audit recommendation will be corrected


Description of Corrective Action Plan:

Procurement-Suspension-Debarment Requirements: We ae going to ask the LEA (Lake Central Community Schools) to send an email with the copy of proof that the vendors have been checked. We are going to ask to see and approve all contracts before awarded.

The special education cooperative is breaking up as of June 30, 2019 and running payroll thru August 2019. Upon the special education cooperative breaking apart we are going to follow our policies

Anticipated Completion Date:

We are going to Start in March 2019.


(Signature)

Corporation Treasurer

(Title)

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/>.