

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY
HANCOCK COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/27/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert L. Yoder	07-01-16 to 06-30-21
Superintendent of Schools	Dr. Lisa Lantrip	07-01-16 to 06-30-23
President of the School Board	Craig S. Wagoner, Sr. Brian McKinney William T. Niemier	01-01-16 to 12-31-16 01-01-17 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 COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Community School Corporation of Southern Hancock County (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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 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

March 6, 2019



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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 COMMUNITY SCHOOL CORPORATION OF
SOUTHERN HANCOCK COUNTY, HANCOCK 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 Community School Corporation of Southern Hancock County (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 March 6, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 6, 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.

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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	\$ 6,286,173	\$ 21,099,304	\$ 20,432,814	\$ (599,523)	\$ 6,353,140	\$ 22,851,369	\$ 22,523,502	\$ (1,245,921)	\$ 5,435,086
Debt Service	3,101,585	5,365,251	5,938,715	-	2,528,121	5,135,086	5,007,471	-	2,655,736
Retirement/Severance Bond Debt Service	136,242	97,395	220,375	(13,262)	-	-	-	-	-
Capital Projects	1,096,830	2,629,862	2,853,515	1,500	874,677	2,739,302	2,883,095	40,295	771,179
School Transportation	1,192,079	1,915,574	1,897,605	(400,000)	810,048	2,269,028	2,021,193	(400,000)	657,883
School Bus Replacement	229,218	419,956	421,910	-	227,264	460,201	563,824	-	123,641
Rainy Day	1,998,899	913,187	-	1,013,262	3,925,348	123,177	3,330,145	1,650,000	2,368,380
Retirement/Severance Bond	235,198	-	-	-	235,198	-	-	-	235,198
Post-Retirement/Severance Future Benefits	548,972	-	26,047	63,457	586,382	-	12,493	68,511	642,400
Construction	587,405	-	587,405	-	-	-	-	-	-
School Lunch	596,264	1,460,878	1,513,960	-	543,182	1,609,690	1,685,141	-	467,731
Textbook Rental	285,519	467,622	298,735	66,274	520,680	488,267	900,159	38	108,826
Self-Insurance	63,868	52,655	12,171	-	104,352	56,707	58,432	-	102,627
Educational License Plates	1,069	244	-	-	1,313	244	-	-	1,557
Early Intervention Grant 2015-16	(22,500)	22,500	-	-	-	-	-	-	-
Early Intervention Grant 16-17	-	16,104	12,715	-	3,389	-	3,389	-	-
Early Intervention Grant 17-18	-	-	-	-	-	15,158	9,964	-	5,194
Lilly Counseling Grant 16-17	-	30,000	19,598	-	10,402	-	10,402	-	-
College Savings Plan	-	-	-	-	-	21,646	-	-	21,646
Summer Digital Learning	-	-	-	-	-	6,913	-	-	6,913
Sugar Creek Memorial Scholarship	917,039	2,137	2,643	-	916,533	11,379	10,500	-	917,412
Ben Moore Scholarship	19,127	1,045	1,000	-	19,172	1,238	1,000	-	19,410
Scholarships and Awards	250	250	500	-	-	600	600	-	-
Miscellaneous Projects Fund	200	8,495	6,518	-	2,177	6,097	6,527	-	1,747
NPE Playground Fund	-	2,511	-	-	2,511	1,954	4,465	-	-
Turf Field Replacement	-	-	-	-	-	8,000	-	-	8,000
Turf Field Installation	-	-	-	-	-	89,100	-	-	89,100
United Way Youth as Resources	1,167	-	1,142	-	25	-	25	-	-
Pepsi/Coca-Cola	35,367	16,000	35,367	-	16,000	11,000	-	-	27,000
Robotics Fund	1,219	-	1,219	-	-	-	-	-	-
MAC Grant	163	-	163	-	-	-	-	-	-
HCCF Youth Board	584	-	584	-	-	-	-	-	-

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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
FACS Red Meat Fund	95	-	95	-	-	-	-	-	-
SHED - Education Foundation	7,109	6,100	1,499	-	11,710	9,233	8,514	-	12,429
Formative Assessment	24,102	43,289	67,391	-	-	41,831	41,831	-	-
High Ability Grant 2015-16	9,358	-	9,358	-	-	-	-	-	-
High Ability Grant 2016-17	-	40,359	35,843	-	4,516	-	4,516	-	-
High Ability Grant 2017-18	-	-	-	-	-	40,320	19,896	-	20,424
Secured Schools Safety Grant	(18,228)	69,883	81,773	-	(30,118)	73,681	43,563	-	-
Non-English Speaking Programs Grant 2015-16	3,341	-	3,341	-	-	-	-	-	-
Non-English Speaking Programs Grant 2016-17	-	3,844	3,244	-	600	-	600	-	-
Non-English Speaking Programs Grant 2017-18	-	-	-	-	-	4,500	135	-	4,365
School Technology	42,661	17,646	22,539	-	37,768	81,152	100,122	-	18,798
Career and Technical Performance Grant	-	10,832	-	-	10,832	12,174	2,217	-	20,789
Performance Based Awards	-	330,754	330,754	-	-	106,888	106,888	-	-
Senator David Ford Technology	-	-	-	-	-	40,217	59,354	-	(19,137)
Project Lead the Way	825	15,000	10,825	-	5,000	-	5,000	-	-
Title I 2015-16	(3,254)	15,432	12,178	-	-	-	-	-	-
Title I 2016-17	-	95,658	101,957	-	(6,299)	27,580	21,281	-	-
Title I 2017-18	-	-	-	-	-	116,641	121,636	-	(4,995)
Special Ed Part B 611	-	550,860	575,885	-	(25,025)	693,448	694,575	-	(26,152)
Special Ed Part B 619	-	29,045	29,045	-	-	28,374	28,374	-	-
Drug Free Schools	-	-	-	-	-	7,036	7,036	-	-
Title II-A FFY 2014	(1,866)	16,881	15,015	-	-	-	-	-	-
Title II-A FFY 2015	-	12,268	16,227	-	(3,959)	27,454	23,495	-	-
Title II-A FFY 2016	-	-	-	-	-	16,130	16,322	-	(192)
Payroll Withholding	(43,738)	4,740,316	4,760,071	-	(63,493)	5,166,233	5,342,964	-	(240,224)
School Lunch Prepaid Clearing	16,092	1,016,133	1,013,461	-	18,764	343,871	338,467	-	24,168
Totals	<u>\$ 17,348,434</u>	<u>\$ 41,535,270</u>	<u>\$ 41,375,202</u>	<u>\$ 131,708</u>	<u>\$ 17,640,210</u>	<u>\$ 42,742,919</u>	<u>\$ 46,019,113</u>	<u>\$ 112,923</u>	<u>\$ 14,476,939</u>

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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.

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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.

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The Payroll Withholding fund also reported a negative balance due to a change in how benefits are paid. The School Corporation switched insurance plans from one that required payment at month end to one that requires prepayment of benefits.

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with New Palestine Elementary School Building Corporation (the lessor). The lessor was organized as a 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 2017 and 2018 totaled \$475,625 and \$478,400, respectively.

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

The School Corporation has entered into a capital lease with New Palestine High School Building Corporation (the lessor). The lessor was organized as a 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 year 2017 totaled \$1,410,000.

The School Corporation has entered into a capital lease with Southern Hancock 1998 School Building Corporation (the lessor). The lessor was organized as a 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 2017 and 2018 totaled \$1,261,975 and \$1,265,000, respectively.

The School Corporation has entered into a capital lease with Brier Creek School Building Corporation (the lessor). The lessor was organized as a 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 2017 and 2018 totaled \$2,189,716 and \$2,189,560, respectively.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 6,286,173	\$ 3,101,585	\$ 136,242	\$ 1,096,830	\$ 1,192,079	\$ 229,218	\$ 1,998,899	\$ 235,198	\$ 548,972	\$ 587,405
Receipts:										
Local sources	363,561	5,365,251	97,395	2,629,862	1,911,629	419,956	913,187	-	-	-
Intermediate sources	6	-	-	-	-	-	-	-	-	-
State sources	20,723,057	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	12,680	-	-	-	3,945	-	-	-	-	-
Total receipts	21,099,304	5,365,251	97,395	2,629,862	1,915,574	419,956	913,187	-	-	-
Disbursements:										
Instruction	14,067,101	-	-	-	-	-	-	-	-	-
Support services	6,074,072	46,175	-	874,083	1,897,605	421,910	-	-	26,047	-
Noninstructional services	291,641	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,979,432	-	-	-	-	-	587,405
Debt service	-	5,892,540	220,375	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	20,432,814	5,938,715	220,375	2,853,515	1,897,605	421,910	-	-	26,047	587,405
Excess (deficiency) of receipts over disbursements	666,490	(573,464)	(122,980)	(223,653)	17,969	(1,954)	913,187	-	(26,047)	(587,405)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	63,457	-
Sale of capital assets	477	-	-	1,500	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,013,262	-	-	-
Transfers out	(600,000)	-	(13,262)	-	(400,000)	-	-	-	-	-
Total other financing sources (uses)	(599,523)	-	(13,262)	1,500	(400,000)	-	1,013,262	-	63,457	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	66,967	(573,464)	(136,242)	(222,153)	(382,031)	(1,954)	1,926,449	-	37,410	(587,405)
Cash and investments - ending	\$ 6,353,140	\$ 2,528,121	\$ -	\$ 874,677	\$ 810,048	\$ 227,264	\$ 3,925,348	\$ 235,198	\$ 586,382	\$ -

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Early Intervention Grant 2015-16	Early Intervention Grant 16-17	Early Intervention Grant 17-18	Lilly Counseling Grant 16-17	College Savings Plan	Summer Digital Learning
Cash and investments - beginning	\$ 596,264	\$ 285,519	\$ 63,868	\$ 1,069	\$ (22,500)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	1,046,185	362,182	52,655	-	-	-	30,000	-	-	-
Intermediate sources	-	-	-	244	-	-	-	-	-	-
State sources	23,431	105,431	-	-	22,500	16,104	-	-	-	-
Federal sources	390,612	-	-	-	-	-	-	-	-	-
Other receipts	650	9	-	-	-	-	-	-	-	-
Total receipts	1,460,878	467,622	52,655	244	22,500	16,104	30,000	-	-	-
Disbursements:										
Instruction	-	-	-	-	-	12,715	-	-	-	-
Support services	153,238	298,735	12,171	-	-	-	19,598	-	-	-
Noninstructional services	1,359,915	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	807	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,513,960	298,735	12,171	-	-	12,715	19,598	-	-	-
Excess (deficiency) of receipts over disbursements	(53,082)	168,887	40,484	244	22,500	3,389	10,402	-	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	66,274	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	66,274	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(53,082)	235,161	40,484	244	22,500	3,389	10,402	-	-	-
Cash and investments - ending	\$ 543,182	\$ 520,680	\$ 104,352	\$ 1,313	\$ -	\$ 3,389	\$ 10,402	\$ -	\$ -	\$ -

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

	Sugar Creek Memorial Scholarship	Ben Moore Scholarship	Scholarships and Awards	Miscellaneous Projects Fund	NPE Playground Fund	Turf Field Replacement	Turf Field Installation	United Way Youth as Resources	Pepsi/ Coca-Cola	Robotics Fund
Cash and investments - beginning	\$ 917,039	\$ 19,127	\$ 250	\$ 200	\$ -	\$ -	\$ -	\$ 1,167	\$ 35,367	\$ 1,219
Receipts:										
Local sources	2,137	1,045	250	8,495	2,511	-	-	-	16,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	2,137	1,045	250	8,495	2,511	-	-	-	16,000	-
Disbursements:										
Instruction	-	-	-	6,268	-	-	-	1,142	-	1,219
Support services	-	-	-	-	-	-	-	-	35,367	-
Noninstructional services	-	-	-	250	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	2,643	1,000	500	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,643	1,000	500	6,518	-	-	-	1,142	35,367	1,219
Excess (deficiency) of receipts over disbursements	(506)	45	(250)	1,977	2,511	-	-	(1,142)	(19,367)	(1,219)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(506)	45	(250)	1,977	2,511	-	-	(1,142)	(19,367)	(1,219)
Cash and investments - ending	\$ 916,533	\$ 19,172	\$ -	\$ 2,177	\$ 2,511	\$ -	\$ -	\$ 25	\$ 16,000	\$ -

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	MAC Grant	HCCF Youth Board	FACS Red Meat Fund	SHED - Education Foundation	Formative Assessment	High Ability Grant 2015-16	High Ability Grant 2016-17	High Ability Grant 2017-18	Secured Schools Safety Grant	Non-English Speaking Programs Grant 2015-16
Cash and investments - beginning	\$ 163	\$ 584	\$ 95	\$ 7,109	\$ 24,102	\$ 9,358	\$ -	\$ -	\$ (18,228)	\$ 3,341
Receipts:										
Local sources	-	-	-	6,100	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	43,289	-	40,359	-	69,883	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6,100	43,289	-	40,359	-	69,883	-
Disbursements:										
Instruction	163	584	95	115	67,391	9,358	35,843	-	-	3,341
Support services	-	-	-	1,384	-	-	-	-	52,252	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	29,521	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	163	584	95	1,499	67,391	9,358	35,843	-	81,773	3,341
Excess (deficiency) of receipts over disbursements	(163)	(584)	(95)	4,601	(24,102)	(9,358)	4,516	-	(11,890)	(3,341)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(163)	(584)	(95)	4,601	(24,102)	(9,358)	4,516	-	(11,890)	(3,341)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 11,710	\$ -	\$ -	\$ 4,516	\$ -	\$ (30,118)	\$ -

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Non-English Speaking Programs Grant 2016-17	Non-English Speaking Programs Grant 2017-18	School Technology	Career and Technical Performance Grant	Performance Based Awards	Senator David Ford Technology	Project Lead the Way	Title I 2015-16	Title I 2016-17	Title I 2017-18
Cash and investments - beginning	\$ -	\$ -	\$ 42,661	\$ -	\$ -	\$ -	\$ 825	\$ (3,254)	\$ -	\$ -
Receipts:										
Local sources	-	-	14,825	-	38,925	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	15,000	-	-	-
State sources	3,844	-	2,821	10,832	291,829	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	15,432	95,658	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	3,844	-	17,646	10,832	330,754	-	15,000	15,432	95,658	-
Disbursements:										
Instruction	3,244	-	3,248	-	38,925	-	10,825	12,178	76,783	-
Support services	-	-	19,291	-	291,829	-	-	-	25,174	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,244	-	22,539	-	330,754	-	10,825	12,178	101,957	-
Excess (deficiency) of receipts over disbursements	600	-	(4,893)	10,832	-	-	4,175	3,254	(6,299)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	600	-	(4,893)	10,832	-	-	4,175	3,254	(6,299)	-
Cash and investments - ending	\$ 600	\$ -	\$ 37,768	\$ 10,832	\$ -	\$ -	\$ 5,000	\$ -	\$ (6,299)	\$ -

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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 For the Year Ended June 30, 2017

	Special Ed Part B 611	Special Ed Part B 619	Drug Free Schools	Title II-A FFY 2014	Title II-A FFY 2015	Title II-A FFY 2016	Payroll Withholding	School Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,866)	\$ -	\$ -	\$ (43,738)	\$ 16,092	\$ 17,348,434
Receipts:									
Local sources	-	-	-	-	-	-	-	-	13,282,151
Intermediate sources	-	-	-	-	-	-	-	-	15,250
State sources	-	-	-	-	-	-	-	-	21,353,380
Federal sources	550,860	29,045	-	16,881	12,268	-	-	-	1,110,756
Other receipts	-	-	-	-	-	-	4,740,316	1,016,133	5,773,733
Total receipts	550,860	29,045	-	16,881	12,268	-	4,740,316	1,016,133	41,535,270
Disbursements:									
Instruction	566,093	29,045	-	-	-	-	-	-	14,945,676
Support services	9,792	-	-	15,015	16,227	-	-	-	10,289,965
Noninstructional services	-	-	-	-	-	-	-	-	1,651,806
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,597,165
Debt service	-	-	-	-	-	-	-	-	6,112,915
Nonprogrammed charges	-	-	-	-	-	-	-	-	4,143
Interfund loans	-	-	-	-	-	-	4,760,071	1,013,461	5,773,532
Total disbursements	575,885	29,045	-	15,015	16,227	-	4,760,071	1,013,461	41,375,202
Excess (deficiency) of receipts over disbursements	(25,025)	-	-	1,866	(3,959)	-	(19,755)	2,672	160,068
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	63,457
Sale of capital assets	-	-	-	-	-	-	-	-	68,251
Transfers in	-	-	-	-	-	-	-	-	1,013,262
Transfers out	-	-	-	-	-	-	-	-	(1,013,262)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	131,708
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25,025)	-	-	1,866	(3,959)	-	(19,755)	2,672	291,776
Cash and investments - ending	\$ (25,025)	\$ -	\$ -	\$ -	\$ (3,959)	\$ -	\$ (63,493)	\$ 18,764	\$ 17,640,210

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 6,353,140	\$ 2,528,121	\$ -	\$ 874,677	\$ 810,048	\$ 227,264	\$ 3,925,348	\$ 235,198	\$ 586,382	\$ -
Receipts:										
Local sources	502,468	5,135,086	-	2,739,302	2,264,563	460,201	123,177	-	-	-
Intermediate sources	7	-	-	-	-	-	-	-	-	-
State sources	22,232,401	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	116,493	-	-	-	4,465	-	-	-	-	-
Total receipts	22,851,369	5,135,086	-	2,739,302	2,269,028	460,201	123,177	-	-	-
Disbursements:										
Instruction	15,108,127	-	-	-	-	-	-	-	-	-
Support services	7,133,880	37,121	-	891,865	2,021,193	563,824	3,330,145	-	12,493	-
Noninstructional services	281,495	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,991,230	-	-	-	-	-	-
Debt service	-	4,970,350	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	22,523,502	5,007,471	-	2,883,095	2,021,193	563,824	3,330,145	-	12,493	-
Excess (deficiency) of receipts over disbursements	327,867	127,615	-	(143,793)	247,835	(103,623)	(3,206,968)	-	(12,493)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	68,511	-
Sale of capital assets	4,079	-	-	40,295	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,650,000	-	-	-
Transfers out	(1,250,000)	-	-	-	(400,000)	-	-	-	-	-
Total other financing sources (uses)	(1,245,921)	-	-	40,295	(400,000)	-	1,650,000	-	68,511	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(918,054)	127,615	-	(103,498)	(152,165)	(103,623)	(1,556,968)	-	56,018	-
Cash and investments - ending	\$ 5,435,086	\$ 2,655,736	\$ -	\$ 771,179	\$ 657,883	\$ 123,641	\$ 2,368,380	\$ 235,198	\$ 642,400	\$ -

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	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Early Intervention Grant 2015-16	Early Intervention Grant 16-17	Early Intervention Grant 17-18	Lilly Counseling Grant 16-17	College Savings Plan	Summer Digital Learning
Cash and investments - beginning	\$ 543,182	\$ 520,680	\$ 104,352	\$ 1,313	\$ -	\$ 3,389	\$ -	\$ 10,402	\$ -	\$ -
Receipts:										
Local sources	1,110,411	390,440	56,707	-	-	-	-	-	21,646	6,913
Intermediate sources	-	-	-	244	-	-	-	-	-	-
State sources	23,719	97,795	-	-	-	-	15,158	-	-	-
Federal sources	474,860	-	-	-	-	-	-	-	-	-
Other receipts	700	32	-	-	-	-	-	-	-	-
Total receipts	1,609,690	488,267	56,707	244	-	-	15,158	-	21,646	6,913
Disbursements:										
Instruction	-	-	-	-	-	3,389	9,964	-	-	-
Support services	119,725	900,159	33,263	-	-	-	-	10,402	-	-
Noninstructional services	1,412,062	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	153,354	-	25,169	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,685,141	900,159	58,432	-	-	3,389	9,964	10,402	-	-
Excess (deficiency) of receipts over disbursements	(75,451)	(411,892)	(1,725)	244	-	(3,389)	5,194	(10,402)	21,646	6,913
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	38	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	38	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75,451)	(411,854)	(1,725)	244	-	(3,389)	5,194	(10,402)	21,646	6,913
Cash and investments - ending	\$ 467,731	\$ 108,826	\$ 102,627	\$ 1,557	\$ -	\$ -	\$ 5,194	\$ -	\$ 21,646	\$ 6,913

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Sugar Creek Memorial Scholarship	Ben Moore Scholarship	Scholarships and Awards	Miscellaneous Projects Fund	NPE Playground Fund	Turf Field Replacement	Turf Field Installation	United Way Youth as Resources	Pepsi/ Coca-Cola	Robotics Fund
Cash and investments - beginning	\$ 916,533	\$ 19,172	\$ -	\$ 2,177	\$ 2,511	\$ -	\$ -	\$ 25	\$ 16,000	\$ -
Receipts:										
Local sources	11,379	1,238	600	6,097	1,954	8,000	89,100	-	11,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	11,379	1,238	600	6,097	1,954	8,000	89,100	-	11,000	-
Disbursements:										
Instruction	-	-	-	4,327	-	-	-	25	-	-
Support services	-	-	-	731	4,465	-	-	-	-	-
Noninstructional services	-	-	-	1,469	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	10,500	1,000	600	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,500	1,000	600	6,527	4,465	-	-	25	-	-
Excess (deficiency) of receipts over disbursements	879	238	-	(430)	(2,511)	8,000	89,100	(25)	11,000	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	879	238	-	(430)	(2,511)	8,000	89,100	(25)	11,000	-
Cash and investments - ending	\$ 917,412	\$ 19,410	\$ -	\$ 1,747	\$ -	\$ 8,000	\$ 89,100	\$ -	\$ 27,000	\$ -

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	MAC Grant	HCCF Youth Board	FACS Red Meat Fund	SHED - Education Foundation	Formative Assessment	High Ability Grant 2015-16	High Ability Grant 2016-17	High Ability Grant 2017-18	Secured Schools Safety Grant	Non-English Speaking Programs Grant 2015-16
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 11,710	\$ -	\$ -	\$ 4,516	\$ -	\$ (30,118)	\$ -
Receipts:										
Local sources	-	-	-	9,233	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	41,831	-	-	40,320	73,681	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	9,233	41,831	-	-	40,320	73,681	-
Disbursements:										
Instruction	-	-	-	1,670	41,831	-	4,516	19,896	-	-
Support services	-	-	-	6,844	-	-	-	-	37,837	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	5,726	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	8,514	41,831	-	4,516	19,896	43,563	-
Excess (deficiency) of receipts over disbursements	-	-	-	719	-	-	(4,516)	20,424	30,118	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	719	-	-	(4,516)	20,424	30,118	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 12,429	\$ -	\$ -	\$ -	\$ 20,424	\$ -	\$ -

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Non-English Speaking Programs Grant 2016-17	Non-English Speaking Programs Grant 2017-18	School Technology	Career and Technical Performance Grant	Performance Based Awards	Senator David Ford Technology	Project Lead the Way	Title I 2015-16	Title I 2016-17	Title I 2017-18
Cash and investments - beginning	\$ 600	\$ -	\$ 37,768	\$ 10,832	\$ -	\$ -	\$ 5,000	\$ -	\$ (6,299)	\$ -
Receipts:										
Local sources	-	-	66,902	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	4,500	14,250	12,174	106,888	40,217	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	27,580	116,641
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	4,500	81,152	12,174	106,888	40,217	-	-	27,580	116,641
Disbursements:										
Instruction	600	135	1,200	2,217	106,888	-	5,000	-	15,212	76,772
Support services	-	-	98,922	-	-	59,354	-	-	6,069	44,864
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	600	135	100,122	2,217	106,888	59,354	5,000	-	21,281	121,636
Excess (deficiency) of receipts over disbursements	(600)	4,365	(18,970)	9,957	-	(19,137)	(5,000)	-	6,299	(4,995)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(600)	4,365	(18,970)	9,957	-	(19,137)	(5,000)	-	6,299	(4,995)
Cash and investments - ending	\$ -	\$ 4,365	\$ 18,798	\$ 20,789	\$ -	\$ (19,137)	\$ -	\$ -	\$ -	\$ (4,995)

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Special Ed Part B 611	Special Ed Part B 619	Drug Free Schools	Title II-A FFY 2014	Title II-A FFY 2015	Title II-A FFY 2016	Payroll Withholding	School Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ (25,025)	\$ -	\$ -	\$ -	\$ (3,959)	\$ -	\$ (63,493)	\$ 18,764	\$ 17,640,210
Receipts:									
Local sources	-	-	-	-	-	-	-	-	13,016,417
Intermediate sources	-	-	-	-	-	-	-	-	251
State sources	-	-	-	-	-	-	-	-	22,702,934
Federal sources	693,448	28,374	7,036	-	27,454	16,130	-	-	1,391,523
Other receipts	-	-	-	-	-	-	5,166,233	343,871	5,631,794
Total receipts	693,448	28,374	7,036	-	27,454	16,130	5,166,233	343,871	42,742,919
Disbursements:									
Instruction	103,169	527,779	-	-	-	-	-	-	16,032,717
Support services	591,406	(499,405)	7,036	-	23,495	16,322	-	-	15,452,010
Noninstructional services	-	-	-	-	-	-	-	-	1,695,026
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,175,479
Debt service	-	-	-	-	-	-	-	-	4,970,350
Nonprogrammed charges	-	-	-	-	-	-	-	-	12,100
Interfund loans	-	-	-	-	-	-	5,342,964	338,467	5,681,431
Total disbursements	694,575	28,374	7,036	-	23,495	16,322	5,342,964	338,467	46,019,113
Excess (deficiency) of receipts over disbursements	(1,127)	-	-	-	3,959	(192)	(176,731)	5,404	(3,276,194)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	68,511
Sale of capital assets	-	-	-	-	-	-	-	-	44,412
Transfers in	-	-	-	-	-	-	-	-	1,650,000
Transfers out	-	-	-	-	-	-	-	-	(1,650,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	112,923
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,127)	-	-	-	3,959	(192)	(176,731)	5,404	(3,163,271)
Cash and investments - ending	\$ (26,152)	\$ -	\$ -	\$ -	\$ -	\$ (192)	\$ (240,224)	\$ 24,168	\$ 14,476,939

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 14,553</u>	<u>\$ 360,652</u>

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Brier Creek School Building Corporation	School Building	\$ 2,333,000	07/15/09	01/15/29
New Palestine Elementary School Building Corporation	School Building	483,000	06/20/08	01/05/24
New Palestine High School Building Corporation	School Building	1,058,000	07/15/19	01/15/21
Southern Hancock 1998 School Building Corporation	School Building	<u>1,267,000</u>	06/28/98	01/15/20
Total governmental activities		<u>5,141,000</u>		
Total of annual lease payments		<u>\$ 5,141,000</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	General Obligation Bonds of 2015	\$ 505,000 \$ 510,050
Total governmental activities		<u>505,000 510,050</u>
Totals		<u>\$ 505,000 \$ 510,050</u>

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Land	\$ 1,175,430
Buildings	70,064,940
Improvements other than buildings	2,847,090
Machinery, equipment, and vehicles	<u>7,151,976</u>
Total governmental activities	<u>81,239,436</u>
Total capital assets	<u><u>\$ 81,239,436</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Community School Corporation of Southern Hancock County'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.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018.

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

Report on Internal Control over Compliance


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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

March 6, 2019

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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.

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
 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					
Federal School Breakfast Reimbursement			FY17	\$ -	\$ 46,533	\$ -	\$ -
Federal School Breakfast Reimbursement			FY18	-	-	-	59,511
				<u>-</u>	<u>46,533</u>	<u>-</u>	<u>59,511</u>
Total - School Breakfast Program							
National School Lunch Program	Indiana Department of Education	10.555					
Federal School Lunch Reimbursement			FY17	-	344,079	-	-
Federal School Lunch Reimbursement			FY18	-	-	-	415,349
Commodities			FY17	-	101,043	-	-
Commodities			FY18	-	-	-	82,750
				<u>-</u>	<u>445,122</u>	<u>-</u>	<u>498,099</u>
Total - National School Lunch Program							
Total - Child Nutrition Cluster							
Total - Department of Agriculture							
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Part B 611 FY 2016			14216-027-PN01	-	66,371	-	2,682
Part B 611 FY 2017			14217-136-PN01	-	550,860	-	129,395
Part B 611 FY 2018			18611-136-PN01	-	-	-	564,052
				<u>-</u>	<u>617,231</u>	<u>-</u>	<u>696,129</u>
Total - Special Education Grants to States							
Special Education Preschool Grants	Indiana Department of Education	84.173					
Preschool Part B 619 FY 2017			45717-136-PN01	-	29,045	-	82
Preschool Part B 619 FY 2018			18619-136-PN01	-	-	-	28,291
				<u>-</u>	<u>29,045</u>	<u>-</u>	<u>28,373</u>
Total - Special Education Preschool Grants							
Total - Special Education Cluster (IDEA)							

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2015-16			S010A150014	-	15,432	-	-
Title I 2016-17			S010A160014	-	95,658	-	27,580
Title I 2017-18			S010A170014	-	-	-	116,641
Total - Title I Grants to Local Educational Agencies				-	111,090	-	144,221
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II-A FFY 2014			S367A140013	-	16,881	-	-
Title II-A FFY 2015			S367A150015	-	12,268	-	27,454
Title II-A FFY 2016			S367A160013	-	-	-	16,130
Total - Supporting Effective Instruction State Grants				-	29,149	-	43,584
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV 2017			S424A170015	-	-	-	7,036
Total - Student Support and Academic Enrichment Program				-	-	-	7,036
Total - Department of Education				-	786,515	-	919,343
Total federal awards expended				\$ -	\$ 1,278,170	\$ -	\$ 1,476,953

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

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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 to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation was previously a member of the Hancock Madison Shelby Educational Services Cooperative (Cooperative), which operated the special education program for the School Corporation for part of the year ended June 30, 2017. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statement noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness identified?	Yes
Significant deficiency identified?	None reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	Yes

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

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

No matters are reportable.

Section III - Federal Award Finding and Questioned Cost

FINDING 2018-001

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): FY17 and FY18
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Reporting
 Audit Finding: Material Weakness

COMMUNITY SCHOOL CORPORATION OF SOUTHERN HANCOCK COUNTY
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 Reporting compliance requirement.

An employee of the Food Service Department prepared the Verification Summary Report without any oversight, review, or approval process, to ensure the accuracy of the report prior to submission.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

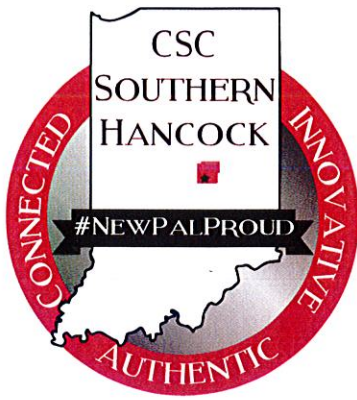
We recommended that the School Corporation's management establish an effective internal control system to ensure compliance with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Community School Corporation of Southern Hancock County
P.O. Box 508, 4711 South 500 West
New Palestine, IN 46163
Phone: (317) 861-4463
Fax: (317) 861-2142
www.newpal.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

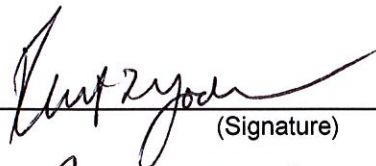
FINDING 2016-001

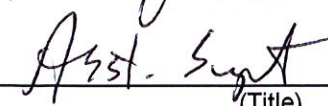
Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Robert Yoder, Assistant Superintendent Contact
Phone Number: (317) 861-4463 x101

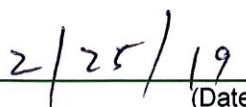
Status of Audit Finding:

Title I Grants to Local Educational Agencies - Special Tests and Provisions -Annual Report Card, High School Graduation Rate

Effective June 27, 2018, CSC Southern Hancock County began utilizing a withdrawal/transfer report form for tracking students that withdraw from the graduation cohort after the cohort is developed. The high school registrar is responsible for completion of the form, secures verification from the receiving school, and obtains and retains the required documentation. Copies of the completed forms are sent to the Administration Office to be retained by the Director of Instructional Services to support the Graduation Rate state report.



(Signature)


(Title)


(Date)



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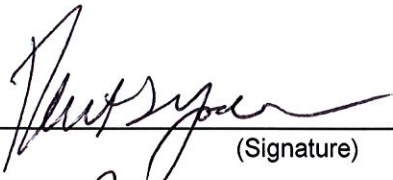
FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Robert Yoder, Assistant Superintendent Contact
Phone Number: (317) 861-4463 x101

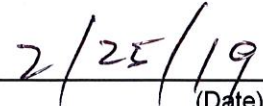
Status of Audit Finding:

Title I Grants to Local Educational Agencies - Special Tests and Provisions -Assessment System Security

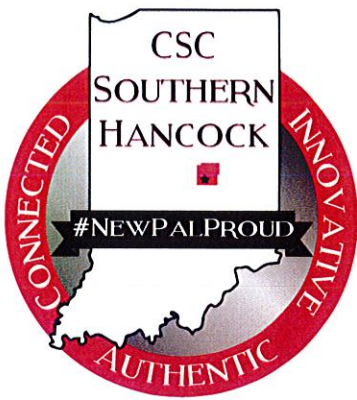
Effective June 27, 2018, CSC Southern Hancock County began to have the school principals obtain and retain all Indiana Test Security and Integrity forms. Copies of the completed forms are sent to the Administration Office to be retained by the Director of Instructional Services.



(Signature)


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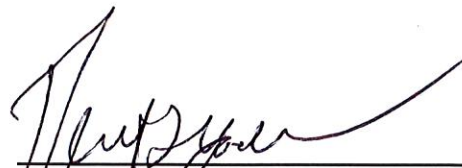
FINDING 2016-003

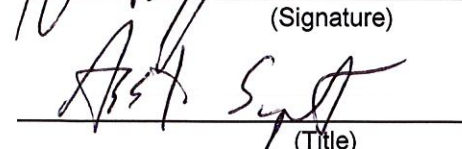
Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Robert Yoder, Assistant Superintendent Contact
Phone Number: (317) 861-4463 x101


Status of Audit Finding:

Special Education Cluster (IDEA) - Cash Management, Procurement, Suspension and Debarment, Reporting

Effective July 1, 2016, CSC Southern Hancock County implemented proper internal control procedures required by the grant agreement since assuming financial responsibility at the start of the 2016-2017 school year. The Director of Student Services, along with the Deputy Treasurer, prepares and submits reimbursements for expenditures twice a month to properly manage cash flow. Both the Director of Student Services and the Deputy Treasurer are also responsible for completing and submitting the Final Expenditure Report. The School Corporation has policies and procedures in place to ensure segregation of duties regarding procurement. The School Corporation follows the State and Federal procurement guidelines.



(Signature)


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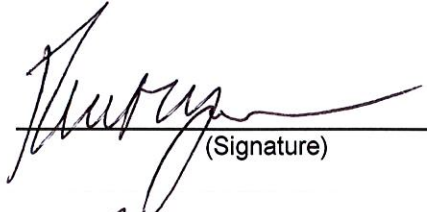
FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Robert Yoder, Assistant Superintendent
Contact Phone Number: (317) 861-4463 x 101

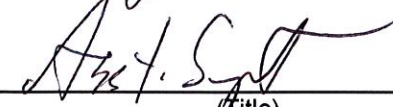
Status of Audit Finding:

Special Education Cluster (IDEA) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles

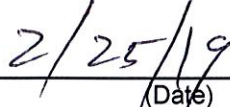
Effective September 30, 2016, CSC Southern Hancock County implemented proper internal control procedures required by the grant agreement since assuming financial responsibility at the start of the 2016-2017 school year. The Director of Student Services is responsible for obtaining, approving, and retaining time and effort reporting documentation for those staff members paid from the federal special education funds. The Director of Student Services also determined whether the staff members require Semi-Annual Certification for single cost objective or Personal Activity Reports for multiple cost objectives. Claims are now reviewed and approved by both the Director of Student Services and the Deputy Treasurer prior to payments being released.



(Signature)



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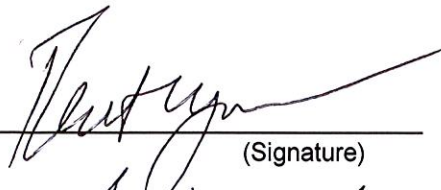
FINDING 2016-005

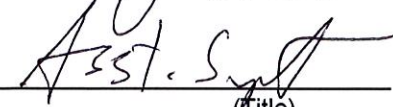
Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Robert Yoder, Assistant Superintendent Contact Phone Number: (317) 861-4463 x101

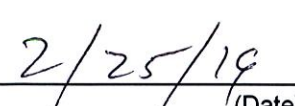
Status of Audit Finding:

Child Nutrition Cluster - Cash Management

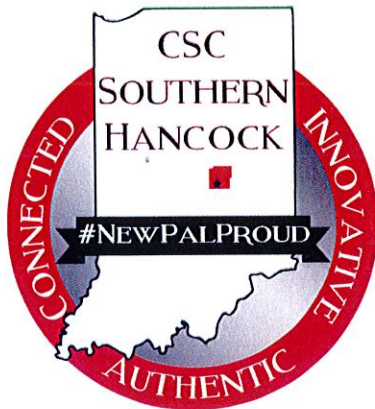
Effective January 2018, CSC Southern Hancock County has improved internal controls procedures pertaining to cash management of the School Lunch Fund by requiring a more timely monthly review of the Aramark services billed. The Nutrition Program Director presents detailed invoices to the Assistant Superintendent each month to ensure proper expenditures are being recorded and invoices are being paid timely to avoid an excess cash balance in the School Lunch Fund. The School Corporation has identified lime spent by specific custodial staff in the cafeterias on school days and has begun charging wages and benefits related to this time to the School Lunch Fund. In addition, the School Corporation reopened an unoccupied school building in the fall of 2018. This expanded the districts operating buildings from five to six. The excess cash balance was used to supply the building with the necessary kitchen equipment to fully operate for the Child Nutrition Program.



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<http://corp.newpal.k12.in.us>

CORRECTIVE ACTION PLAN

FINDING 2018-001

Child Nutrition Cluster - Reporting

Condition: An effective control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the reporting compliance requirement. The Food Service Department prepared the Verification Summary Report without an oversight review, or approval process, to ensure the accuracy of the report prior to submission.

Context: The lack of controls was a systemic issue that occurred throughout the audit period.

View of Responsible Official: We concur with the audit finding and have prepared a corrective action plan.

Description of Corrective Action Plan: CSC Southern Hancock County has improved the internal controls procedures pertaining to the approval process of the Verification Summary Report. The Nutrition Programs Director, the Nutrition Programs Administrative Assistant, and the Assistant Superintendent will review and sign the Verification Summary Report prior to being submitted to the Child Nutrition Programs.

Anticipated Completion Date: This procedure was implemented on February 13, 2019.

Robert L. Yoder
Assistant Superintendent
(317) 861-4463 x1011
byoder@newpal.k12.in.us

February 13, 2019

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/>.