

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

DUNELAND SCHOOL CORPORATION
PORTER 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/Chief Financial Officer	Lynn A. Kwilasz	07-01-16 to 06-30-19
Superintendent of Schools	Dr. David L. Pruis Dr. Ginger L. Bolinger Judith Malasto (interim)	07-01-16 to 06-30-17 07-01-17 to 12-03-18 12-04-18 to 06-30-19
President of the School Board	Kristin Kroeger John Marshall Brandon Kroft	01-01-16 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE DUNELAND SCHOOL CORPORATION, PORTER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Duneland School Corporation (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 February 19, 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 19, 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 DUNELAND SCHOOL CORPORATION, PORTER 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 Duneland School Corporation (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 19, 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

February 19, 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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DUNELAND SCHOOL CORPORATION
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			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 4,933,761	\$ 37,348,416	\$ 35,749,605	\$ -	\$ 6,532,572	\$ 37,969,253	\$ 36,546,144	\$ (1,200,000)	\$ 6,755,681
Referendum Tax Levy	6,137,981	6,643,031	6,281,403	-	6,499,609	6,798,530	6,513,230	-	6,784,909
Debt Service	4,261,364	7,286,817	7,481,250	(75,543)	3,991,388	7,546,928	7,740,674	-	3,797,642
Retirement/Severance Bond Debt Service	796,793	1,238,721	1,491,573	-	543,941	786,717	1,486,305	-	(155,647)
Capital Projects	3,839,346	8,236,032	8,577,417	34,600	3,532,561	8,649,809	8,343,962	-	3,838,408
School Transportation	2,117,663	3,722,277	3,697,169	-	2,142,771	3,937,075	3,747,408	-	2,332,438
School Bus Replacement	1,103,487	691,262	636,689	-	1,158,060	774,426	715,332	-	1,217,154
Rainy Day	4,795,358	-	369,402	121,250	4,547,206	-	740,823	1,262,625	5,069,008
Retirement/Severance Bond	331,443	1,033	294,717	-	37,759	6	37,765	-	-
Post-Retirement/Severance Future Benefits	1,500,000	-	-	-	1,500,000	150	281,160	-	1,218,990
G.O. Bond Projects	3,837,239	69	2,356,107	-	1,481,201	-	1,437,441	-	43,760
School Lunch	647,199	2,503,321	2,319,105	-	831,415	2,501,391	2,372,366	-	960,440
Textbook Rental	967,531	708,877	1,008,913	75,543	743,038	740,704	939,144	-	544,598
Self-Insurance	4,699,139	7,586,198	7,261,328	-	5,024,009	7,940,604	7,488,929	-	5,475,684
Alternative Education	6,117	11,264	17,247	-	134	11,096	11,230	-	-
2017-18 Early Literacy Grant	-	-	-	-	-	23,091	21,770	-	1,321
Lilly Planning Grant	-	50,000	34,292	-	15,708	-	13,591	-	2,117
Guidance Grant	436	-	436	-	-	-	-	-	-
Instructional Support	-	-	-	-	-	10,000	-	-	10,000
Extra-Curricular Activities	8,273	29,176	35,556	-	1,893	14,655	5,019	-	11,529
Scholarships and Awards	6,250	-	-	-	6,250	-	-	-	6,250
Kindercamp YMCA Grant	-	-	-	-	-	10,194	11,274	-	(1,080)
DEF CHS Media Center	392	-	392	-	-	-	-	-	-
DEF Grant - CHS Media Center	6,007	-	6,007	-	-	-	-	-	-
Local Corp. Donations	-	200	200	-	-	8,103	8,003	-	100
Donations	9,288	39,738	43,427	-	5,599	16,685	8,957	-	13,327
Roof Settlement	249,692	-	143,558	-	106,134	-	-	-	106,134
CHS Work Ethic Certification Grant	-	-	-	-	-	1,200	270	-	930
Formative Assessment	-	93,254	141,100	-	(47,846)	54,529	6,683	-	-
High Ability Grant	1,925	53,856	55,228	-	553	54,463	49,198	-	5,818
Computer Consortium/Ed Tech Advance	-	-	580,900	-	(580,900)	580,900	-	-	-
Secured Schools Safety Grant	(48,808)	92,111	43,303	-	-	-	-	-	-
Non-English Speaking Programs	-	9,915	8,780	-	1,135	9,500	10,635	-	-
School Technology	2,808	42,686	36,752	-	8,742	93,820	21,871	-	80,691
Career and Technical Performance Grant	-	23,804	23,804	-	-	22,495	17,894	-	4,601
Performance Based Awards	-	426,136	426,136	-	-	174,073	174,073	-	-
21st Century Scholars	-	175	175	-	-	-	-	-	-
B.H. RDC Grant	91,921	102,109	90,022	-	104,008	105,476	79,294	-	130,190
Senator David Ford Technology	(432)	-	(432)	-	-	27,796	27,796	-	-
Title I - Grants to LEAs	(44,507)	418,170	390,708	-	(17,045)	487,709	519,651	-	(48,987)
IN LSTA Grant: Jackson Elem.	-	9,649	9,649	-	-	-	-	-	-
CMS IN Humanities Grant	-	1,706	1,706	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	(9,768)	73,107	74,271	-	(10,932)	71,356	78,579	-	(18,155)
Title III - English Proficiency Migrant	-	-	5,745	-	(5,745)	14,046	9,239	-	(938)
Clearing Account	302,255	10,278,133	10,294,422	-	285,966	10,259,037	10,254,807	-	290,196
Totals	\$ 40,550,153	\$ 87,721,243	\$ 89,988,062	\$ 155,850	\$ 38,439,184	\$ 89,695,817	\$ 89,720,517	\$ 62,625	\$ 38,477,109

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

DUNELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

DUNELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

DUNELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

DUNELAND SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

DUNELAND SCHOOL CORPORATION
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. Negative Disbursements

The financial statement contained a disbursement which appeared as a negative entry. This was a result of the Senator David Ford Technology fund not being reimbursed for \$432. A correcting entry was made to the Referendum Tax Levy fund in order to close the Senator David Ford Technology fund.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursements not yet received prior to June 30, 2017 and 2018, for the reimbursement grant funds. The final debt payment for the Retirement/Severance Bond Debt Service fund was due and paid in January 2018; however, the remaining levy was not received until December 31, 2018, which caused the negative balance at June 30, 2018.

DUNELAND SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 9. Restatements

For the year ended June 30, 2017, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of June 30, 2016	Prior Period Adjustment	Balance as of July 1, 2017
Textbook Rental	\$ 1,042,502	\$ (74,971)	\$ 967,531

Note 10. Holding Corporation

The School Corporation has entered into a capital lease with the Duneland 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 \$6,195,356 and \$6,194,581, respectively.

Note 11. Other Postemployment Benefits

The School Corporation provides health insurance 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.

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

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 4,933,761	\$ 6,137,981	\$ 4,261,364	\$ 796,793	\$ 3,839,346	\$ 2,117,663	\$ 1,103,487	\$ 4,795,358	\$ 331,443	\$ 1,500,000
Receipts:										
Local sources	713,611	6,643,031	7,286,817	1,238,721	8,221,032	3,713,778	691,262	-	1,033	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	36,624,505	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	10,300	-	-	-	15,000	8,499	-	-	-	-
Total receipts	37,348,416	6,643,031	7,286,817	1,238,721	8,236,032	3,722,277	691,262	-	1,033	-
Disbursements:										
Instruction	24,000,882	3,279,729	-	-	-	-	-	-	157,163	-
Support services	11,143,402	2,966,302	-	-	3,599,475	3,697,169	636,689	291,360	137,554	-
Noninstructional services	605,321	35,372	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	4,977,942	-	-	78,042	-	-
Debt service	-	-	7,481,250	1,491,573	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	35,749,605	6,281,403	7,481,250	1,491,573	8,577,417	3,697,169	636,689	369,402	294,717	-
Excess (deficiency) of receipts over disbursements	1,598,811	361,628	(194,433)	(252,852)	(341,385)	25,108	54,573	(369,402)	(293,684)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	34,600	-	-	121,250	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(75,543)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(75,543)	-	34,600	-	-	121,250	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,598,811	361,628	(269,976)	(252,852)	(306,785)	25,108	54,573	(248,152)	(293,684)	-
Cash and investments - ending	\$ 6,532,572	\$ 6,499,609	\$ 3,991,388	\$ 543,941	\$ 3,532,561	\$ 2,142,771	\$ 1,158,060	\$ 4,547,206	\$ 37,759	\$ 1,500,000

DUNELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	G.O. Bond Projects	School Lunch	Textbook Rental	Self- Insurance	Alternative Education	2017-18 Early Literacy Grant	Lilly Planning Grant	Guidance Grant	Instructional Support
Cash and investments - beginning	\$ 3,837,239	\$ 647,199	\$ 967,531	\$ 4,699,139	\$ 6,117	\$ -	\$ -	\$ 436	\$ -
Receipts:									
Local sources	69	1,499,311	577,583	7,586,198	-	-	50,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	32,717	130,919	-	11,264	-	-	-	-
Federal sources	-	971,293	-	-	-	-	-	-	-
Other receipts	-	-	375	-	-	-	-	-	-
Total receipts	<u>69</u>	<u>2,503,321</u>	<u>708,877</u>	<u>7,586,198</u>	<u>11,264</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Disbursements:									
Instruction	-	-	1,604	-	17,247	-	-	-	-
Support services	-	-	1,007,309	36,258	-	-	34,292	436	-
Noninstructional services	-	2,319,105	-	-	-	-	-	-	-
Facilities acquisition and construction	2,356,107	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	7,225,070	-	-	-	-	-
Total disbursements	<u>2,356,107</u>	<u>2,319,105</u>	<u>1,008,913</u>	<u>7,261,328</u>	<u>17,247</u>	<u>-</u>	<u>34,292</u>	<u>436</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,356,038)</u>	<u>184,216</u>	<u>(300,036)</u>	<u>324,870</u>	<u>(5,983)</u>	<u>-</u>	<u>15,708</u>	<u>(436)</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	75,543	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>75,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,356,038)</u>	<u>184,216</u>	<u>(224,493)</u>	<u>324,870</u>	<u>(5,983)</u>	<u>-</u>	<u>15,708</u>	<u>(436)</u>	<u>-</u>
Cash and investments - ending	\$ <u>1,481,201</u>	\$ <u>831,415</u>	\$ <u>743,038</u>	\$ <u>5,024,009</u>	\$ <u>134</u>	\$ <u>-</u>	\$ <u>15,708</u>	\$ <u>-</u>	\$ <u>-</u>

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

	Extra- Curricular Activities	Scholarships and Awards	Kindercamp YMCA Grant	DEF CHS Media Center	DEF Grant - CHS Media Center	Local Corp. Donations	Donations	Roof Settlement	CHS Work Ethic Certification Grant
Cash and investments - beginning	\$ 8,273	\$ 6,250	\$ -	\$ 392	\$ 6,007	\$ -	\$ 9,288	\$ 249,692	\$ -
Receipts:									
Local sources	29,176	-	-	-	-	200	-	-	-
Intermediate sources	-	-	-	-	-	-	39,738	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	29,176	-	-	-	-	200	39,738	-	-
Disbursements:									
Instruction	35,556	-	-	392	6,007	-	35,151	-	-
Support services	-	-	-	-	-	-	8,276	-	-
Noninstructional services	-	-	-	-	-	200	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	143,558	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	35,556	-	-	392	6,007	200	43,427	143,558	-
Excess (deficiency) of receipts over disbursements	(6,380)	-	-	(392)	(6,007)	-	(3,689)	(143,558)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,380)	-	-	(392)	(6,007)	-	(3,689)	(143,558)	-
Cash and investments - ending	\$ 1,893	\$ 6,250	\$ -	\$ -	\$ -	\$ -	\$ 5,599	\$ 106,134	\$ -

DUNELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Formative Assessment	High Ability Grant	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	21st Century Scholars
Cash and investments - beginning	\$ -	\$ 1,925	\$ -	\$ (48,808)	\$ -	\$ 2,808	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	93,254	53,856	-	92,111	9,915	42,686	3,649	426,136	175
Federal sources	-	-	-	-	-	-	20,155	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>93,254</u>	<u>53,856</u>	<u>-</u>	<u>92,111</u>	<u>9,915</u>	<u>42,686</u>	<u>23,804</u>	<u>426,136</u>	<u>175</u>
Disbursements:									
Instruction	93,111	54,415	-	-	8,780	-	23,804	426,136	175
Support services	47,989	813	580,900	24	-	36,752	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	43,279	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>141,100</u>	<u>55,228</u>	<u>580,900</u>	<u>43,303</u>	<u>8,780</u>	<u>36,752</u>	<u>23,804</u>	<u>426,136</u>	<u>175</u>
Excess (deficiency) of receipts over disbursements	<u>(47,846)</u>	<u>(1,372)</u>	<u>(580,900)</u>	<u>48,808</u>	<u>1,135</u>	<u>5,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(47,846)</u>	<u>(1,372)</u>	<u>(580,900)</u>	<u>48,808</u>	<u>1,135</u>	<u>5,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (47,846)</u>	<u>\$ 553</u>	<u>\$ (580,900)</u>	<u>\$ -</u>	<u>\$ 1,135</u>	<u>\$ 8,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DUNELAND SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	B.H. RDC Grant	Senator David Ford Technology	Title I - Grants to LEAs	IN LSTA Grant: Jackson Elem.	CMS IN Humanities Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Clearing Account	Totals
Cash and investments - beginning	\$ 91,921	\$ (432)	\$ (44,507)	\$ -	\$ -	\$ (9,768)	\$ -	\$ 302,255	\$ 40,550,153
Receipts:									
Local sources	-	-	-	-	-	-	-	-	38,251,822
Intermediate sources	102,109	-	-	-	-	-	-	-	141,847
State sources	-	-	-	-	-	-	-	-	37,521,187
Federal sources	-	-	418,170	9,649	1,706	73,107	-	-	1,494,080
Other receipts	-	-	-	-	-	-	-	10,278,133	10,312,307
Total receipts	102,109	-	418,170	9,649	1,706	73,107	-	10,278,133	87,721,243
Disbursements:									
Instruction	90,022	(432)	366,402	9,649	1,706	73,886	5,745	-	28,687,130
Support services	-	-	20,674	-	-	385	-	-	24,246,059
Noninstructional services	-	-	3,632	-	-	-	-	-	2,963,630
Facilities acquisition and construction	-	-	-	-	-	-	-	-	7,598,928
Debt service	-	-	-	-	-	-	-	-	8,972,823
Nonprogrammed charges	-	-	-	-	-	-	-	10,294,422	17,519,492
Total disbursements	90,022	(432)	390,708	9,649	1,706	74,271	5,745	10,294,422	89,988,062
Excess (deficiency) of receipts over disbursements	12,087	432	27,462	-	-	(1,164)	(5,745)	(16,289)	(2,266,819)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	155,850
Transfers in	-	-	-	-	-	-	-	-	75,543
Transfers out	-	-	-	-	-	-	-	-	(75,543)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	155,850
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,087	432	27,462	-	-	(1,164)	(5,745)	(16,289)	(2,110,969)
Cash and investments - ending	\$ 104,008	\$ -	\$ (17,045)	\$ -	\$ -	\$ (10,932)	\$ (5,745)	\$ 285,966	\$ 38,439,184

DUNELAND SCHOOL CORPORATION
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	General	Referendum Tax Levy	Debt Service	Retirement/ Severance/ Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits
Cash and investments - beginning	\$ 6,532,572	\$ 6,499,609	\$ 3,991,388	\$ 543,941	\$ 3,532,561	\$ 2,142,771	\$ 1,158,060	\$ 4,547,206	\$ 37,759	\$ 1,500,000
Receipts:										
Local sources	740,283	6,798,530	7,546,928	786,717	8,649,809	3,931,253	774,426	-	6	150
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	37,226,970	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	2,000	-	-	-	-	5,822	-	-	-	-
Total receipts	<u>37,969,253</u>	<u>6,798,530</u>	<u>7,546,928</u>	<u>786,717</u>	<u>8,649,809</u>	<u>3,937,075</u>	<u>774,426</u>	<u>-</u>	<u>6</u>	<u>150</u>
Disbursements:										
Instruction	24,711,489	2,971,183	-	-	-	-	-	-	-	169,650
Support services	11,220,925	3,514,738	-	-	3,337,184	3,744,570	715,332	92,160	37,765	111,510
Noninstructional services	613,730	22,309	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	5,000	-	-	5,006,778	2,838	-	648,663	-	-
Debt service	-	-	7,740,674	1,486,305	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>36,546,144</u>	<u>6,513,230</u>	<u>7,740,674</u>	<u>1,486,305</u>	<u>8,343,962</u>	<u>3,747,408</u>	<u>715,332</u>	<u>740,823</u>	<u>37,765</u>	<u>281,160</u>
Excess (deficiency) of receipts over disbursements	<u>1,423,109</u>	<u>285,300</u>	<u>(193,746)</u>	<u>(699,588)</u>	<u>305,847</u>	<u>189,667</u>	<u>59,094</u>	<u>(740,823)</u>	<u>(37,759)</u>	<u>(281,010)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	62,625	-	-
Transfers in	-	-	-	-	-	-	-	1,200,000	-	-
Transfers out	(1,200,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,262,625</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>223,109</u>	<u>285,300</u>	<u>(193,746)</u>	<u>(699,588)</u>	<u>305,847</u>	<u>189,667</u>	<u>59,094</u>	<u>521,802</u>	<u>(37,759)</u>	<u>(281,010)</u>
Cash and investments - ending	<u>\$ 6,755,681</u>	<u>\$ 6,784,909</u>	<u>\$ 3,797,642</u>	<u>\$ (155,647)</u>	<u>\$ 3,838,408</u>	<u>\$ 2,332,438</u>	<u>\$ 1,217,154</u>	<u>\$ 5,069,008</u>	<u>\$ -</u>	<u>\$ 1,218,990</u>

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 For the Year Ended June 30, 2018

	G.O. Bond Projects	School Lunch	Textbook Rental	Self- Insurance	Alternative Education	2017-18 Early Literacy Grant	Lilly Planning Grant	Guidance Grant	Instructional Support
Cash and investments - beginning	\$ 1,481,201	\$ 831,415	\$ 743,038	\$ 5,024,009	\$ 134	\$ -	\$ 15,708	\$ -	\$ -
Receipts:									
Local sources	-	1,471,097	609,481	7,940,604	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	10,000
State sources	-	31,925	130,398	-	11,096	23,091	-	-	-
Federal sources	-	998,369	-	-	-	-	-	-	-
Other receipts	-	-	825	-	-	-	-	-	-
Total receipts	-	2,501,391	740,704	7,940,604	11,096	23,091	-	-	10,000
Disbursements:									
Instruction	-	-	1,292	-	11,230	21,770	-	-	-
Support services	-	-	937,852	12,928	-	-	13,591	-	-
Noninstructional services	-	2,372,366	-	-	-	-	-	-	-
Facilities acquisition and construction	1,437,441	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	7,476,001	-	-	-	-	-
Total disbursements	1,437,441	2,372,366	939,144	7,488,929	11,230	21,770	13,591	-	-
Excess (deficiency) of receipts over disbursements	(1,437,441)	129,025	(198,440)	451,675	(134)	1,321	(13,591)	-	10,000
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,437,441)	129,025	(198,440)	451,675	(134)	1,321	(13,591)	-	10,000
Cash and investments - ending	\$ 43,760	\$ 960,440	\$ 544,598	\$ 5,475,684	\$ -	\$ 1,321	\$ 2,117	\$ -	\$ 10,000

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	Extra- Curricular Activities	Scholarships and Awards	Kindercamp YMCA Grant	DEF CHS Media Center	DEF Grant - CHS Media Center	Local Corp. Donations	Donations	Roof Settlement	CHS Work Ethic Certification Grant
Cash and investments - beginning	\$ 1,893	\$ 6,250	\$ -	\$ -	\$ -	\$ -	\$ 5,599	\$ 106,134	\$ -
Receipts:									
Local sources	14,655	-	-	-	-	8,103	-	-	-
Intermediate sources	-	-	10,194	-	-	-	16,685	-	1,200
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>14,655</u>	<u>-</u>	<u>10,194</u>	<u>-</u>	<u>-</u>	<u>8,103</u>	<u>16,685</u>	<u>-</u>	<u>1,200</u>
Disbursements:									
Instruction	5,019	-	11,274	-	-	7,753	8,260	-	270
Support services	-	-	-	-	-	-	697	-	-
Noninstructional services	-	-	-	-	-	250	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,019</u>	<u>-</u>	<u>11,274</u>	<u>-</u>	<u>-</u>	<u>8,003</u>	<u>8,957</u>	<u>-</u>	<u>270</u>
Excess (deficiency) of receipts over disbursements	<u>9,636</u>	<u>-</u>	<u>(1,080)</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>7,728</u>	<u>-</u>	<u>930</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,636</u>	<u>-</u>	<u>(1,080)</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>7,728</u>	<u>-</u>	<u>930</u>
Cash and investments - ending	<u>\$ 11,529</u>	<u>\$ 6,250</u>	<u>\$ (1,080)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 13,327</u>	<u>\$ 106,134</u>	<u>\$ 930</u>

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

	Formative Assessment	High Ability Grant	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Performance Based Awards	21st Century Scholars
Cash and investments - beginning	\$ (47,846)	\$ 553	\$ (580,900)	\$ -	\$ 1,135	\$ 8,742	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	54,529	54,463	580,900	-	9,500	93,820	22,495	174,073	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	54,529	54,463	580,900	-	9,500	93,820	22,495	174,073	-
Disbursements:									
Instruction	-	49,196	-	-	10,635	-	17,894	174,073	-
Support services	6,683	2	-	-	-	21,871	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,683	49,198	-	-	10,635	21,871	17,894	174,073	-
Excess (deficiency) of receipts over disbursements	47,846	5,265	580,900	-	(1,135)	71,949	4,601	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	47,846	5,265	580,900	-	(1,135)	71,949	4,601	-	-
Cash and investments - ending	\$ -	\$ 5,818	\$ -	\$ -	\$ -	\$ 80,691	\$ 4,601	\$ -	\$ -

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

	B.H. RDC Grant	Senator David Ford Technology	Title I - Grants to LEAs	IN LSTA Grant: Jackson Elem.	CMS IN Humanities Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Clearing Account	Totals
Cash and investments - beginning	\$ 104,008	\$ -	\$ (17,045)	\$ -	\$ -	\$ (10,932)	\$ (5,745)	\$ 285,966	\$ 38,439,184
Receipts:									
Local sources	-	-	-	-	-	-	-	-	39,272,042
Intermediate sources	105,476	-	-	-	-	-	-	-	143,555
State sources	-	27,796	-	-	-	-	-	-	38,441,056
Federal sources	-	-	487,709	-	-	71,356	14,046	-	1,571,480
Other receipts	-	-	-	-	-	-	-	10,259,037	10,267,684
Total receipts	105,476	27,796	487,709	-	-	71,356	14,046	10,259,037	89,695,817
Disbursements:									
Instruction	79,294	-	482,235	-	-	60,224	9,239	-	28,801,980
Support services	-	27,796	31,860	-	-	18,355	-	-	23,845,819
Noninstructional services	-	-	5,556	-	-	-	-	-	3,014,211
Facilities acquisition and construction	-	-	-	-	-	-	-	-	7,100,720
Debt service	-	-	-	-	-	-	-	-	9,226,979
Nonprogrammed charges	-	-	-	-	-	-	-	10,254,807	17,730,808
Total disbursements	79,294	27,796	519,651	-	-	78,579	9,239	10,254,807	89,720,517
Excess (deficiency) of receipts over disbursements	26,182	-	(31,942)	-	-	(7,223)	4,807	4,230	(24,700)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	62,625
Transfers in	-	-	-	-	-	-	-	-	1,200,000
Transfers out	-	-	-	-	-	-	-	-	(1,200,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	62,625
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,182	-	(31,942)	-	-	(7,223)	4,807	4,230	37,925
Cash and investments - ending	\$ 130,190	\$ -	\$ (48,987)	\$ -	\$ -	\$ (18,155)	\$ (938)	\$ 290,196	\$ 38,477,109

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DUNELAND SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 5,366,041</u>	<u>\$ 69,159</u>

DUNELAND SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Duneland School Building Corporation	First Mortgage Bonds Series 2009	<u>\$ 6,194,581</u>	02/10/2009	08/01/2019

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	
Type	Purpose		
Governmental activities: General obligation bonds	G.O. Bond of 2015	\$ 6,785,000	\$ 1,154,700
Notes and loans payable	Common School Fund Loan #2937	<u>484,083</u>	<u>197,990</u>
Totals		<u>\$ 7,269,083</u>	<u>\$ 1,352,690</u>

DUNELAND SCHOOL CORPORATION
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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,220,000
Buildings	100,994,331
Improvements other than buildings	9,106,090
Machinery, equipment, and vehicles	<u>12,477,892</u>
Total capital assets	<u>\$ 123,798,313</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
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE DUNELAND SCHOOL CORPORATION, PORTER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Duneland School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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. Except as discussed below, 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 Title I Grants to Local Educational Agencies

As described in item 2018-002 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Special Tests and Provisions for Assessment System Security. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* 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 Title I Grants to Local Educational Agencies for the period of July 1, 2016 to June 30, 2018.

Unmodified Opinion on the Other 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 its other major federal program 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 item 2018-001. 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 2018-001 and 2018-002, 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 19, 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.

DUNELAND SCHOOL CORPORATION
 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2016-2017	\$ -	\$ -	\$ -	\$ 184,650
School Breakfast Program			FY 2017-2018	-	179,238	-	-
Total - School Breakfast Program				-	179,238	-	184,650
National School Lunch Program	Indiana Department of Education	10.555	FY 2016-2017	-	-	-	813,118
National School Lunch Program			FY 2017-2018	-	790,974	-	-
Commodities				-	186,794	-	182,615
Total - National School Lunch Program				-	977,768	-	995,733
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2016-2017	-	1,081	-	-
Summer Food Service Program for Children			FY 2017-2018	-	-	-	601
Total - Summer Food Service Program for Children				-	1,081	-	601
Total - Child Nutrition Cluster				-	1,158,087	-	1,180,984
Total - Department of Agriculture				-	1,158,087	-	1,180,984
National Endowment for the Humanities							
Grants to States							
Promotion of the Humanities Federal/State Partnership	Indiana Humanities Council	45.129	16-1031	-	1,706	-	-
Humanities Initiatives Grants				-	-	-	-
Total - National Endowment for the Humanities				-	1,706	-	-
Institute of Museum and Library Services							
Grants to States							
Library Services & Technology Grants to States	Indiana State Library	45.310	A64-17-15L-34B	-	9,649	-	-
Total - Institute of Museum and Library Services				-	9,649	-	-
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2015 Federal Part B 611			14215-050-PN01	-	13,287	-	-
FY 2016 Federal Part B 611			14216-089-PN01	-	277,022	-	3,754
FY 2017 Federal Part B 611			14217-048-PN01	-	1,023,575	-	272,129
FY 2018 Federal Part B 611			18611-048-PN01	-	-	-	1,068,380
Total - Special Education Grants to States				-	1,313,884	-	1,344,263

DUNELAND SCHOOL CORPORATION
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
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2018 Federal Preschool 619			18619-048-PN01	-	-	-	31,544
FY 2017 Federal Preschool 619			45716-048-PN01	-	31,873	-	-
FY 2017 Federal Preschool 619			45717-048-PN01	-	-	-	780
Total - Special Education Preschool Grants				-	31,873	-	32,324
Total - Special Education Cluster (IDEA)				-	1,345,757	-	1,376,587
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2015-2016			S010A150014	-	123,292	-	-
Title I 2016-2017			S010A150014	-	294,879	-	110,001
Title I 2017-2018			S010A150014	-	-	-	377,708
Total - Title I Grants to Local Educational Agencies				-	418,171	-	487,709
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	Indiana Department of Education	84.330					
			FY 2017-2018	-	-	-	1,196
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2015 - 2017			01116-130-PN01	-	-	-	346
Title III 2016 - 2018			01117-211-PN01	-	-	-	8,077
Title III 2017 -2019			01118-204-PN01	-	-	-	5,624
Total - English Language Acquisition State Grants				-	-	-	14,047
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A 2014-16			S367A140013	-	385	-	-
Title II Part A 2015-17			S367A150013	-	37,265	-	200
Title II Part A 2016-18			S367A160013	-	35,457	-	71,156
Total - Supporting Effective Instruction State Grants				-	73,107	-	71,356
Total - Department of Education				-	1,837,035	-	1,950,895
Department of Health and Human Services							
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Indiana Department of Health	93.079					
Cooperative Agreements to Promote Adolescent Health			FY 2017-2018	-	-	-	500
Total - Department of Health and Human Services				-	-	-	500
Total federal awards expended				\$ -	\$ 3,006,477	\$ -	\$ 3,132,379

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

DUNELAND SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 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.

DUNELAND SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant 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>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Unmodified Qualified

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 reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: Child Nutrition Cluster - Procurement
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program,
 Summer Food Service Program for Children
 CFDA Numbers: 10.553, 10.555, 10.559
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Procurement and Suspension and Debarment
 Audit Findings: Material Weakness, Other Matters

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

Condition

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

The School Corporation did not have effective internal controls in place to ensure that the purchasing methods used complied with 2 CFR 200.320.

The School Corporation did not always obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, 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.

Context

The lack of effective controls was a systemic issue throughout the audit period. The noncompliance was a systemic issue throughout the audit period for vendor purchases made directly by the School Corporation. The School Corporation did not obtain price or rate quotes for 57 percent of the small purchases tested.

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 200.320 states in part:

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

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

Cause

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

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

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the 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 2018-002

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security
Federal Agency: Department of Education
Federal Program: Title I Grant to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): S010A150014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

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 Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation had not designed or implemented proper internal controls to ensure that all individuals that came in contact with any tests that were administered under the Indiana Assessment System had signed and retained the Indiana Testing Security and Integrity Agreements (agreements).

The agreements for Jackson Elementary School were not retained for audit for the 2016-2017 school year, and for Chesterton Middle School for the 2016-2017 and 2017-2018 school years.

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

Context

The lack of controls was a systemic issue throughout the audit period. The failure to retain supporting documentation applied to Jackson Elementary School and Chesterton Middle School.

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 . . ."

The Administrative Regulation 511 IAC 5-5-5 states in part: ". . . (b) Any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity agreement to remain on file in the appropriate building-level office each year."

Cause

The School Corporation's management had not developed a system of internal control that would have ensured that documentation was maintained and presented for audit to support compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Effect

The failure to retain adequate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

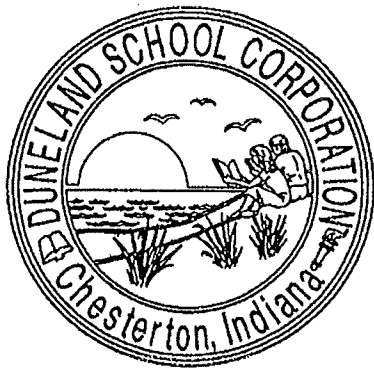
We recommended that the School Corporation's management establish controls to ensure that adequate supporting documentation will be maintained to support compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

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.



Duneland School Corporation

ADMINISTRATION CENTER

601 West Morgan Avenue

Chesterton, Indiana 46304-2205

Phone: 219-983-3601 FAX: 219-983-3614

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: FY2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

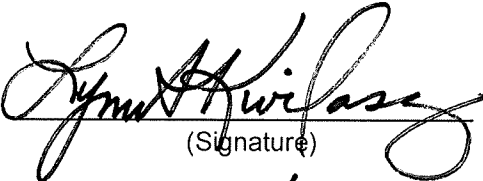
Contact Person Responsible for Corrective Action: Treasurer/Chief Financial Officer

Contact Phone Number: 219-983-3604

Status of Audit Finding:

Financial Transactions and Reporting and Preparation of the Schedule of Expenditures of Federal Awards: 2017-18 SEFA which was filed in the GATEWAY on 8/28/18, was prepared by the Treasurer and reviewed by the Deputy Treasurer as evidenced on the SEFA file documentation. Also, the 2016-17 SEFA was updated by the Treasurer and resubmitted on 8/27/18. The resubmitted report was reviewed by the Deputy Treasurer as noted in the file documentation.

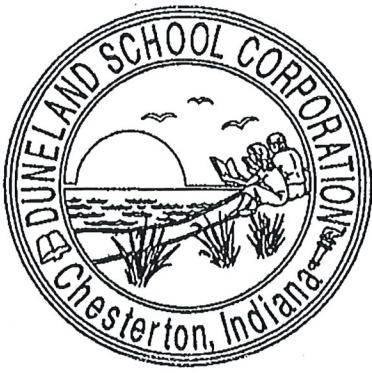
Payroll: Beginning with the 12/5/17 payroll, a review of the final payroll claim is made against the master payroll spreadsheet by both the payroll processor and the Deputy Treasurer/Business Manager and is evidenced by initial and date of both individuals. All reports and supporting documentation are retained as a part of the payroll processing file.


(Signature)

TREASURER/CFO
(Title)

1/3/2019
(Date)

* An Equal Opportunity Employer *



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: FY2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Director of Secondary Learning and Performance

Contact Phone Number: 219-983-3600, ext. 1016.

Status of Audit Finding:

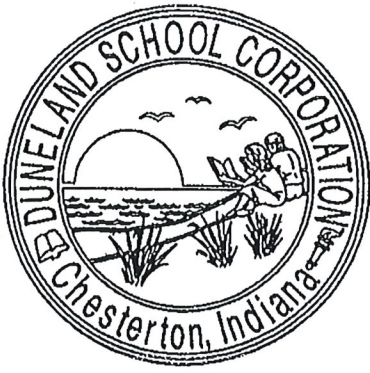
Chesterton High School continues to use the withdrawal process established through this corrective action whereas the assistant principals have students sign-out when they withdraw from school. In that process students enroll in the local TASC (GED) school. All withdrawals are checked by the registrar to make sure the correct code is utilized. They are initialed and dated at the time the registrar review the codes for match.

(Signature)

DIRECTOR OF SECONDARY LEARNING & PERFORMANCE
(Title)

1/3/2019
(Date)

* An Equal Opportunity Employer *



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred: FY2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Director of Elementary Learning and Performance

Contact Phone Number: 219-983-3600, ext. 1015

Status of Audit Finding:

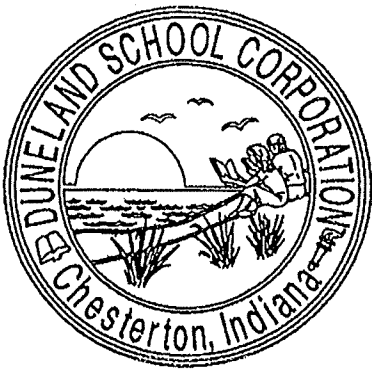
Testing security and integrity policy guidelines were implemented effective in the 2018-2019 school year. Documentation evidencing the adherence to the policy will be maintained in the central administration office.

Christina Dymovich Jarka
(Signature)

Director of Elem. Learning
(Title) + Performance

02/05/19
(Date)

* An Equal Opportunity Employer *



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-004

Fiscal year in which the finding initially occurred: FY2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Food Service Manager

Contact Phone Number: (219) 983-3723

Status of Audit Findings:

Activities Allowed or Unallowed, Allowable Costs/Cost Principles:

- Accounts Payable Vouchers: Evidence of the Food Service Manager review and approval of all A/P vouchers was fully implemented for A/P vouchers originated on or after 11/3/2017.
- Split-funded Employee Payroll: Effective with the 11/03/17 payroll, only employees who work exclusively under the Child Nutrition Cluster Programs are paid from the Food Service Fund. The split-funded employee was removed from the Food Service Fund payroll.

Eligibility:

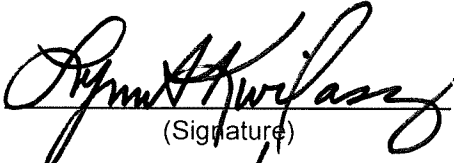
Documentation to evidence that income guidelines in the Horizon OneSource software have been reviewed by the Food Service Manager started effective for the 2016-17 processing cycle.

Program Income:

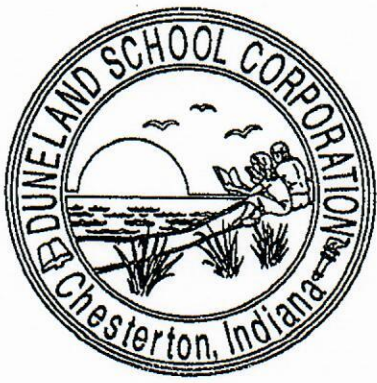
Program income data provided to the corporation business office is reviewed and evidenced effective for reports received on or after month-end November 2017. Related documentation is maintained in the Food Service Department.

Reporting:

Review of the Verification Summary Report began with the 2016-17 Verification Report. Documentation with evidence of the review is maintained in the Food Service Department.


(Signature)
TREASURER / CFO
(Title)
1/3/2019
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Tammy Watkins, Wellness and Nutrition Manager
Contact Phone Number: 219-983-3729 ext. 6162

Views of Responsible Official: we concur with the finding.

Description of Corrective Action Plan:

All purchases exceeding the increased Federal Micro-Purchase Threshold of \$10,000 will have three (3) quotes obtained. The Wellness & Nutrition Manager, the Operations Coordinator and the Systems Coordinator will review the quotes and the most satisfactory quote will be accepted. All three (3) reviewers will sign the quote and provide reasoning for the award.

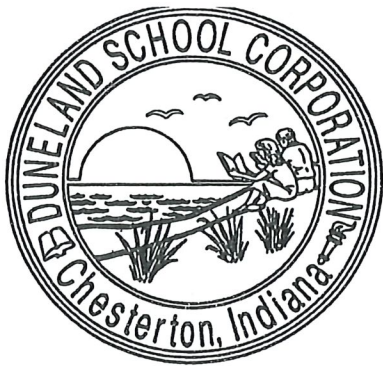
Anticipated Completion Date: March 1, 2019

Tammy Watkins
(Signature)

Wellness & Nutrition Manager
(Title)

February 11, 2019
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Christina M. Jarka, Director of Elementary Learning & Performance/Title I District Coordinator

Contact Phone Number: 219-983-3600 ext. 1015

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- Starting with Spring 2019,
 - Policy will be reviewed and updated to include current personnel
 - The CTC will train Building Administrator(s) and STCs on Policy 2623.01 including the process for ensuring that all appropriate staff has knowledge of the Indiana Ethical Testing Practices and Procedures
 - Using meeting agenda(s), sign-in sheet(s), current staff roster, and signed testing agreements, **Building Administrator or STC** will serve as the primary person to ensure that all appropriate staff has knowledge of the Indiana Ethical Testing Practices and Procedures
 - The Title I District Coordinator will serve as the secondary person to ensure that all appropriate staff has knowledge of the Indiana Ethical Testing Practices and Procedures
 - Finally, CTC will serve as final person to ensure that all appropriate staff has knowledge of the Indiana Ethical Testing Practices and Procedures
 - **Copies** of the staff roster, and all signed testing agreements will be maintained at Central Office in a secured location for a minimum of seven years
 - **Originals** of the meeting agenda(s), sign-in sheet(s), current staff roster, and signed testing agreements will be maintained at each school for a minimum of seven years

Anticipated Completion Date: March 1, 2019

Christina M. Jarka
(Signature)

Director of Elementary
(Title)

2/11/19
(Date)

OTHER REPORTS

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