

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FRANKLIN COUNTY COMMUNITY
SCHOOL CORPORATION
FRANKLIN COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/29/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Pohlman	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Debbie Howell	07-01-14 to 06-30-21
President of the School Board	Kim Simonson Francis Brumback	01-01-16 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE FRANKLIN COUNTY COMMUNITY
SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Franklin County Community 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 March 20, 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 20, 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 FRANKLIN COUNTY COMMUNITY
SCHOOL CORPORATION, FRANKLIN 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 Franklin County Community 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 March 20, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Franklin County Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 20, 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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FRANKLIN COUNTY COMMUNITY 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 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	\$ 5,987,691	\$ 15,866,259	\$ 17,148,600	\$ (791,954)	\$ 3,913,396	\$ 15,566,398	\$ 15,299,394	\$ 14,449	\$ 4,194,849
Debt Service	761,177	1,830,791	1,665,203	-	926,765	1,806,833	1,658,863	-	1,074,735
Capital Projects	2,301,732	2,317,076	2,880,025	-	1,738,783	2,280,318	2,693,018	462	1,326,545
School Transportation	1,575,967	3,105,572	3,020,129	-	1,661,410	3,181,699	3,949,284	-	893,825
School Bus Replacement	375,200	186,601	190,762	-	371,039	192,143	376,084	-	187,098
Rainy Day	68,713	-	-	-	68,713	33,912	-	-	102,625
Post-Retirement/Severance Future Benefits	1,069,387	-	217,051	739,771	1,592,107	-	154,195	-	1,437,912
School Lunch	54,929	1,105,683	1,052,469	-	108,143	1,045,471	1,000,032	-	153,582
Textbook Rental	363,789	479,102	298,818	-	544,073	441,822	355,050	-	630,845
Self-Insurance	334,318	4,449,623	4,497,289	-	286,652	3,328,909	3,476,238	-	139,323
Child Care Program	-	-	-	-	-	19,068	34,980	-	(15,912)
Wildcat Watch Latch Key Fund	-	-	-	-	-	39,345	63,770	-	(24,425)
Educational License Plates	17,381	38	-	-	17,419	244	-	-	17,663
Alternative Education	10,242	10,004	20,246	-	-	5,907	(20,246)	-	26,153
Early Intervention Grant	-	10,275	4,598	-	5,677	-	5,677	-	-
2016 Early Intervention Grant	1,864	1,758	3,622	-	-	-	-	-	-
2017-2018 IN Literacy Early Intervention Grant	-	-	-	-	-	10,643	5,053	-	5,590
Lilly Endowment Grant - Comprehensive	-	30,000	20,882	-	9,118	-	9,037	-	81
Donation from MTC APPLES	2,425	3,126	3,939	-	1,612	7,350	5,850	-	3,112
Donation From Alco Stores	474	5,100	641	-	4,933	6,311	5,639	-	5,605
Donations For BES	5,000	2,375	4,314	-	3,061	17,975	17,069	-	3,967
Donations For FCMS	7,395	958	8,057	-	296	1,542	1,519	-	319
Donations for FCHS	2,465	38,713	36,802	-	4,376	12,130	4,694	-	11,812
Donations for LES	300	15,817	13,145	-	2,972	9,150	11,805	-	317
Wellness Grants	-	300	-	-	300	-	40	-	260
Formative Assessment	-	32,444	32,444	-	-	28,832	28,832	-	-
Instruction Support	-	37,665	37,724	-	(59)	-	(59)	-	-
2015-2016 High Ability Grant	548	-	548	-	-	-	-	-	-
High Ability 2017-2018	-	-	-	-	-	36,734	31,129	-	5,605
Adult and Continuing Education	12,971	-	-	-	12,971	-	1,875	-	11,096
Medicaid Reimbursement	-	3,552	-	-	3,552	201	-	-	3,753
Secured Schools Safety Grant	(53,178)	81,659	45,163	-	(16,682)	-	19,536	-	(36,218)
Non-English Speaking Programs	87	-	-	-	87	-	-	-	87
School Technology	1,704	8,468	6,564	-	3,608	16,913	11,258	-	9,263
Career and Technical Performance Grant	-	8,054	5,245	-	2,809	10,777	8,652	-	4,934
21st Century Scholars	-	327	-	-	327	-	113	-	214
ECO15-FCHS Biomed	29,642	-	10,725	-	18,917	-	(256)	-	19,173
ECO15 Dream It Do It Grant	405	-	405	-	-	-	-	-	-
15/16 Title I	(46,860)	140,863	94,003	-	-	-	-	-	-
Title I 2016-2017	-	278,893	310,932	-	(32,039)	77,158	45,119	-	-
Title I 2017-2018	-	-	-	-	-	230,047	313,998	-	(83,951)
Title IV Part A 2017-2019	-	-	-	-	-	23,253	23,753	-	(500)
Team Nutrition Training Grants	-	500	-	-	500	-	-	-	500
Medicaid Reimbursement - Federal	24,475	6,521	12,237	-	18,759	-	3,340	-	15,419
14/16 Title II Part A Grant	(945)	1,229	284	-	-	-	-	-	-
15/17 Title II Part A Grant	(15,198)	55,665	43,651	-	(3,184)	7,280	4,096	-	-
Title II Part A 2016-2018	-	23,772	32,347	-	(8,575)	61,034	59,069	-	(6,610)
Title II Part A 2017-2019	-	-	-	-	-	23,147	36,830	-	(13,683)
Special Education - Part B - Preschool	3,376	12,203	15,579	-	-	19,032	19,032	-	-
Qualified Zone Academy Bond	11,171	-	-	-	11,171	-	-	-	11,171
Pre-Paid Food	21,674	400,136	400,386	-	21,424	343,036	342,481	-	21,979
Payroll Withholding	40,481	3,700,354	3,611,477	-	129,358	3,454,796	3,501,241	-	82,913
Totals	\$ 12,970,802	\$ 34,251,476	\$ 35,746,306	\$ (52,183)	\$ 11,423,789	\$ 32,339,410	\$ 33,557,084	\$ 14,911	\$ 10,221,026

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

FRANKLIN COUNTY COMMUNITY 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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
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.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Disbursements

The financial statement contains some disbursements which appear as negative entries. This is a result of error corrections from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 or 2018. The Child Care Program fund and Wildcat Watch Latch Key Fund had deficit cash balances due to expenditures exceeding receipts.

Note 9. Holding Corporations

The School Corporation has entered into capital leases with the Franklin County Community School Building Corporation and the Franklin County Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the fiscal years ending June 30, 2017 and 2018, totaled \$1,216,500 and \$1,211,500, respectively.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: Individual VEBA, Social Security Bridge Plan, Paid Accumulated Leave, and Life Insurance. 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.

FRANKLIN COUNTY COMMUNITY 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	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 5,987,691	\$ 761,177	\$ 2,301,732	\$ 1,575,967	\$ 375,200	\$ 68,713	\$ 1,069,387	\$ 54,929	\$ 363,789
Receipts:									
Local sources	123,299	1,830,791	2,317,076	3,104,808	186,601	-	-	400,421	51,713
Intermediate sources	230	-	-	-	-	-	-	-	-
State sources	15,735,660	-	-	-	-	-	-	8,741	369,983
Federal sources	-	-	-	-	-	-	-	677,372	3,223
Interfund loans	-	-	-	-	-	-	-	-	54,183
Other receipts	7,070	-	-	764	-	-	-	19,149	-
Total receipts	15,866,259	1,830,791	2,317,076	3,105,572	186,601	-	-	1,105,683	479,102
Disbursements:									
Instruction	12,693,508	-	-	-	-	-	172,051	-	-
Support services	4,104,299	-	1,593,188	3,020,129	190,762	-	45,000	-	298,818
Noninstructional services	350,793	-	-	-	-	-	-	1,052,469	-
Facilities acquisition and construction	-	-	1,286,837	-	-	-	-	-	-
Debt service	-	1,665,203	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	17,148,600	1,665,203	2,880,025	3,020,129	190,762	-	217,051	1,052,469	298,818
Excess (deficiency) of receipts over disbursements	(1,282,341)	165,588	(562,949)	85,443	(4,161)	-	(217,051)	53,214	180,284
Other financing sources (uses):									
Sale of capital assets	2,000	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	739,771	-	-
Transfers out	(793,954)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(791,954)	-	-	-	-	-	739,771	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,074,295)	165,588	(562,949)	85,443	(4,161)	-	522,720	53,214	180,284
Cash and investments - ending	\$ 3,913,396	\$ 926,765	\$ 1,738,783	\$ 1,661,410	\$ 371,039	\$ 68,713	\$ 1,592,107	\$ 108,143	\$ 544,073

FRANKLIN COUNTY COMMUNITY 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

	Self- Insurance	Child Care Program	Wildcat Watch Latch Key Fund	Educational License Plates	Alternative Education	Early Intervention Grant	2016 Early Intervention Grant	2017-2018 IN Literacy Early Intervention Grant	Lilly Endowment Grant - Comprehensive
Cash and investments - beginning	\$ 334,318	\$ -	\$ -	\$ 17,381	\$ 10,242	\$ -	\$ 1,864	\$ -	\$ -
Receipts:									
Local sources	4,449,623	-	-	-	-	-	-	-	30,000
Intermediate sources	-	-	-	38	-	-	-	-	-
State sources	-	-	-	-	10,004	10,275	1,758	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	4,449,623	-	-	38	10,004	10,275	1,758	-	30,000
Disbursements:									
Instruction	-	-	-	-	-	4,598	3,622	-	-
Support services	505,681	-	-	-	20,246	-	-	-	20,882
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,991,608	-	-	-	-	-	-	-	-
Total disbursements	4,497,289	-	-	-	20,246	4,598	3,622	-	20,882
Excess (deficiency) of receipts over disbursements	(47,666)	-	-	38	(10,242)	5,677	(1,864)	-	9,118
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	(47,666)	-	-	38	(10,242)	5,677	(1,864)	-	9,118
Cash and investments - ending	\$ 286,652	\$ -	\$ -	\$ 17,419	\$ -	\$ 5,677	\$ -	\$ -	\$ 9,118

FRANKLIN COUNTY COMMUNITY 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

	Donation from MTC APPLES	Donation From Alco Stores	Donations For BES	Donations For FCMS	Donations for FCHS	Donations for LES	Wellness Grants	Formative Assessment	Instruction Support
Cash and investments - beginning	\$ 2,425	\$ 474	\$ 5,000	\$ 7,395	\$ 2,465	\$ 300	\$ -	\$ -	\$ -
Receipts:									
Local sources	3,126	5,100	2,375	958	38,713	15,817	300	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	32,444	37,665
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,126</u>	<u>5,100</u>	<u>2,375</u>	<u>958</u>	<u>38,713</u>	<u>15,817</u>	<u>300</u>	<u>32,444</u>	<u>37,665</u>
Disbursements:									
Instruction	3,589	663	4,314	8,057	36,802	11,774	-	32,444	37,724
Support services	-	(22)	-	-	-	1,371	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	350	-	-	-	-	-	-	-	-
Total disbursements	<u>3,939</u>	<u>641</u>	<u>4,314</u>	<u>8,057</u>	<u>36,802</u>	<u>13,145</u>	<u>-</u>	<u>32,444</u>	<u>37,724</u>
Excess (deficiency) of receipts over disbursements	<u>(813)</u>	<u>4,459</u>	<u>(1,939)</u>	<u>(7,099)</u>	<u>1,911</u>	<u>2,672</u>	<u>300</u>	<u>-</u>	<u>(59)</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>(813)</u>	<u>4,459</u>	<u>(1,939)</u>	<u>(7,099)</u>	<u>1,911</u>	<u>2,672</u>	<u>300</u>	<u>-</u>	<u>(59)</u>
Cash and investments - ending	\$ <u>1,612</u>	\$ <u>4,933</u>	\$ <u>3,061</u>	\$ <u>296</u>	\$ <u>4,376</u>	\$ <u>2,972</u>	\$ <u>300</u>	\$ <u>-</u>	\$ <u>(59)</u>

FRANKLIN COUNTY COMMUNITY 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

	2015-2016 High Ability Grant	High Ability 2017-2018	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	21st Century Scholars
Cash and investments - beginning	\$ 548	\$ -	\$ 12,971	\$ -	\$ (53,178)	\$ 87	\$ 1,704	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	3,552	81,659	-	8,468	8,054	327
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	3,552	81,659	-	8,468	8,054	327
Disbursements:									
Instruction	548	-	-	-	45,163	-	-	5,245	-
Support services	-	-	-	-	-	-	6,564	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	548	-	-	-	45,163	-	6,564	5,245	-
Excess (deficiency) of receipts over disbursements	(548)	-	-	3,552	36,496	-	1,904	2,809	327
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	(548)	-	-	3,552	36,496	-	1,904	2,809	327
Cash and investments - ending	\$ -	\$ -	\$ 12,971	\$ 3,552	\$ (16,682)	\$ 87	\$ 3,608	\$ 2,809	\$ 327

FRANKLIN COUNTY COMMUNITY 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

	ECO15-FCHS Biomed	ECO15 Dream It Do It Grant	15/16 Title I	Title I 2016-2017	Title I 2017-2018	Title IV Part A 2017-2019	Team Nutrition Training Grants	Medicaid Reimbursement - Federal	14/16 Title II Part A Grant
Cash and investments - beginning	\$ 29,642	\$ 405	\$ (46,860)	\$ -	\$ -	\$ -	\$ -	\$ 24,475	\$ (945)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	140,863	278,893	-	-	500	6,521	1,229
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	140,863	278,893	-	-	500	6,521	1,229
Disbursements:									
Instruction	10,725	405	63,021	212,592	-	-	-	12,237	284
Support services	-	-	29,552	83,450	-	-	-	-	-
Noninstructional services	-	-	1,430	14,890	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,725	405	94,003	310,932	-	-	-	12,237	284
Excess (deficiency) of receipts over disbursements	(10,725)	(405)	46,860	(32,039)	-	-	500	(5,716)	945
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	(10,725)	(405)	46,860	(32,039)	-	-	500	(5,716)	945
Cash and investments - ending	\$ 18,917	\$ -	\$ -	\$ (32,039)	\$ -	\$ -	\$ 500	\$ 18,759	\$ -

FRANKLIN COUNTY COMMUNITY 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

	15/17 Title II Part A Grant	Title II Part A 2016-2018	Title II Part A 2017-2019	Special Education - Part B - Preschool	Qualified Zone Academy Bond	Pre-Paid Food	Payroll Withholding	Totals
Cash and investments - beginning	\$ (15,198)	\$ -	\$ -	\$ 3,376	\$ 11,171	\$ 21,674	\$ 40,481	\$ 12,970,802
Receipts:								
Local sources	-	-	-	-	-	-	-	12,560,721
Intermediate sources	-	-	-	-	-	-	-	268
State sources	-	-	-	-	-	-	-	16,308,590
Federal sources	55,665	23,772	-	12,203	-	-	-	1,200,241
Interfund loans	-	-	-	-	-	-	-	54,183
Other receipts	-	-	-	-	-	400,136	3,700,354	4,127,473
Total receipts	55,665	23,772	-	12,203	-	400,136	3,700,354	34,251,476
Disbursements:								
Instruction	43,651	32,347	-	15,579	-	-	-	13,450,943
Support services	-	-	-	-	-	-	-	9,919,920
Noninstructional services	-	-	-	-	-	-	-	1,419,582
Facilities acquisition and construction	-	-	-	-	-	-	-	1,286,837
Debt service	-	-	-	-	-	-	-	1,665,203
Nonprogrammed charges	-	-	-	-	-	400,386	3,611,477	8,003,821
Total disbursements	43,651	32,347	-	15,579	-	400,386	3,611,477	35,746,306
Excess (deficiency) of receipts over disbursements	12,014	(8,575)	-	(3,376)	-	(250)	88,877	(1,494,830)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	2,000
Transfers in	-	-	-	-	-	-	-	739,771
Transfers out	-	-	-	-	-	-	-	(793,954)
Total other financing sources (uses)	-	-	-	-	-	-	-	(52,183)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,014	(8,575)	-	(3,376)	-	(250)	88,877	(1,547,013)
Cash and investments - ending	\$ (3,184)	\$ (8,575)	\$ -	\$ -	\$ 11,171	\$ 21,424	\$ 129,358	\$ 11,423,789

FRANKLIN COUNTY COMMUNITY 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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/Severance Future Benefits	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,913,396	\$ 926,765	\$ 1,738,783	\$ 1,661,410	\$ 371,039	\$ 68,713	\$ 1,592,107	\$ 108,143	\$ 544,073
Receipts:									
Local sources	303,233	1,806,833	2,280,318	3,181,060	192,143	33,912	-	347,154	159,920
Intermediate sources	247	-	-	-	-	-	-	-	-
State sources	15,259,266	-	-	-	-	-	-	8,998	281,471
Federal sources	-	-	-	-	-	-	-	655,414	431
Other receipts	3,652	-	-	639	-	-	-	33,905	-
Total receipts	15,566,398	1,806,833	2,280,318	3,181,699	192,143	33,912	-	1,045,471	441,822
Disbursements:									
Instruction	11,009,566	-	-	-	-	-	124,195	-	-
Support services	3,941,254	-	1,360,052	3,949,284	376,084	-	30,000	-	355,050
Noninstructional services	348,574	-	-	-	-	-	-	1,000,032	-
Facilities acquisition and construction	-	-	1,332,966	-	-	-	-	-	-
Debt service	-	1,658,863	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,299,394	1,658,863	2,693,018	3,949,284	376,084	-	154,195	1,000,032	355,050
Excess (deficiency) of receipts over disbursements	267,004	147,970	(412,700)	(767,585)	(183,941)	33,912	(154,195)	45,439	86,772
Other financing sources (uses):									
Proceeds of long-term debt	8,694	-	-	-	-	-	-	-	-
Sale of capital assets	5,755	-	462	-	-	-	-	-	-
Total other financing sources (uses)	14,449	-	462	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	281,453	147,970	(412,238)	(767,585)	(183,941)	33,912	(154,195)	45,439	86,772
Cash and investments - ending	\$ 4,194,849	\$ 1,074,735	\$ 1,326,545	\$ 893,825	\$ 187,098	\$ 102,625	\$ 1,437,912	\$ 153,582	\$ 630,845

FRANKLIN COUNTY COMMUNITY 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

	Self- Insurance	Child Care Program	Wildcat Watch Latch Key Fund	Educational License Plates	Alternative Education	Early Intervention Grant	2016 Early Intervention Grant	2017-2018 IN Literacy Early Intervention Grant	Lilly Endowment Grant - Comprehensive
Cash and investments - beginning	\$ 286,652	\$ -	\$ -	\$ 17,419	\$ -	\$ 5,677	\$ -	\$ -	\$ 9,118
Receipts:									
Local sources	3,328,909	19,068	39,345	-	-	-	-	-	-
Intermediate sources	-	-	-	244	-	-	-	-	-
State sources	-	-	-	-	5,907	-	-	10,643	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,328,909</u>	<u>19,068</u>	<u>39,345</u>	<u>244</u>	<u>5,907</u>	<u>-</u>	<u>-</u>	<u>10,643</u>	<u>-</u>
Disbursements:									
Instruction	-	-	-	-	-	5,677	-	5,053	-
Support services	-	-	-	-	(20,246)	-	-	-	9,037
Noninstructional services	-	34,980	63,770	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,476,238	-	-	-	-	-	-	-	-
Total disbursements	<u>3,476,238</u>	<u>34,980</u>	<u>63,770</u>	<u>-</u>	<u>(20,246)</u>	<u>5,677</u>	<u>-</u>	<u>5,053</u>	<u>9,037</u>
Excess (deficiency) of receipts over disbursements	<u>(147,329)</u>	<u>(15,912)</u>	<u>(24,425)</u>	<u>244</u>	<u>26,153</u>	<u>(5,677)</u>	<u>-</u>	<u>5,590</u>	<u>(9,037)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
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>(147,329)</u>	<u>(15,912)</u>	<u>(24,425)</u>	<u>244</u>	<u>26,153</u>	<u>(5,677)</u>	<u>-</u>	<u>5,590</u>	<u>(9,037)</u>
Cash and investments - ending	<u>\$ 139,323</u>	<u>\$ (15,912)</u>	<u>\$ (24,425)</u>	<u>\$ 17,663</u>	<u>\$ 26,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,590</u>	<u>\$ 81</u>

FRANKLIN COUNTY COMMUNITY 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

	Donation from MTC APPLES	Donation From Alco Stores	Donations For BES	Donations For FCMS	Donations for FCHS	Donations for LES	Wellness Grants	Formative Assessment	Instruction Support
Cash and investments - beginning	\$ 1,612	\$ 4,933	\$ 3,061	\$ 296	\$ 4,376	\$ 2,972	\$ 300	\$ -	\$ (59)
Receipts:									
Local sources	7,350	6,311	17,975	1,542	12,130	9,150	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	28,832	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>7,350</u>	<u>6,311</u>	<u>17,975</u>	<u>1,542</u>	<u>12,130</u>	<u>9,150</u>	<u>-</u>	<u>28,832</u>	<u>-</u>
Disbursements:									
Instruction	1,650	760	17,069	1,019	4,212	11,805	-	23,976	(59)
Support services	-	4,879	-	500	482	-	40	4,856	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	4,200	-	-	-	-	-	-	-	-
Total disbursements	<u>5,850</u>	<u>5,639</u>	<u>17,069</u>	<u>1,519</u>	<u>4,694</u>	<u>11,805</u>	<u>40</u>	<u>28,832</u>	<u>(59)</u>
Excess (deficiency) of receipts over disbursements	<u>1,500</u>	<u>672</u>	<u>906</u>	<u>23</u>	<u>7,436</u>	<u>(2,655)</u>	<u>(40)</u>	<u>-</u>	<u>59</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
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>1,500</u>	<u>672</u>	<u>906</u>	<u>23</u>	<u>7,436</u>	<u>(2,655)</u>	<u>(40)</u>	<u>-</u>	<u>59</u>
Cash and investments - ending	<u>\$ 3,112</u>	<u>\$ 5,605</u>	<u>\$ 3,967</u>	<u>\$ 319</u>	<u>\$ 11,812</u>	<u>\$ 317</u>	<u>\$ 260</u>	<u>\$ -</u>	<u>\$ -</u>

FRANKLIN COUNTY COMMUNITY 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

	2015-2016 High Ability Grant	High Ability 2017-2018	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	21st Century Scholars
Cash and investments - beginning	\$ -	\$ -	\$ 12,971	\$ 3,552	\$ (16,682)	\$ 87	\$ 3,608	\$ 2,809	\$ 327
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	36,734	-	201	-	-	11,010	10,777	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	5,903	-	-
Total receipts	-	36,734	-	201	-	-	16,913	10,777	-
Disbursements:									
Instruction	-	31,129	1,875	-	19,536	-	-	8,652	-
Support services	-	-	-	-	-	-	11,258	-	113
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	31,129	1,875	-	19,536	-	11,258	8,652	113
Excess (deficiency) of receipts over disbursements	-	5,605	(1,875)	201	(19,536)	-	5,655	2,125	(113)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,605	(1,875)	201	(19,536)	-	5,655	2,125	(113)
Cash and investments - ending	\$ -	\$ 5,605	\$ 11,096	\$ 3,753	\$ (36,218)	\$ 87	\$ 9,263	\$ 4,934	\$ 214

FRANKLIN COUNTY COMMUNITY 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

	ECO15-FCHS Biomed	ECO15 Dream It Do It Grant	15/16 Title I	Title I 2016-2017	Title I 2017-2018	Title IV Part A 2017-2019	Team Nutrition Training Grants	Medicaid Reimbursement - Federal	14/16 Title II Part A Grant
Cash and investments - beginning	\$ 18,917	\$ -	\$ -	\$ (32,039)	\$ -	\$ -	\$ 500	\$ 18,759	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	77,158	230,047	23,253	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	77,158	230,047	23,253	-	-	-
Disbursements:									
Instruction	(256)	-	-	30,015	208,948	22,555	-	3,340	-
Support services	-	-	-	15,104	90,080	1,198	-	-	-
Noninstructional services	-	-	-	-	14,970	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	(256)	-	-	45,119	313,998	23,753	-	3,340	-
Excess (deficiency) of receipts over disbursements	256	-	-	32,039	(83,951)	(500)	-	(3,340)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	256	-	-	32,039	(83,951)	(500)	-	(3,340)	-
Cash and investments - ending	\$ 19,173	\$ -	\$ -	\$ -	\$ (83,951)	\$ (500)	\$ 500	\$ 15,419	\$ -

FRANKLIN COUNTY COMMUNITY 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

	15/17 Title II Part A Grant	Title II Part A 2016-2018	Title II Part A 2017-2019	Special Education - Part B - Preschool	Qualified Zone Academy Bond	Pre-Paid Food	Payroll Withholding	Totals
Cash and investments - beginning	\$ (3,184)	\$ (8,575)	\$ -	\$ -	\$ 11,171	\$ 21,424	\$ 129,358	\$ 11,423,789
Receipts:								
Local sources	-	398	-	-	-	-	-	11,746,751
Intermediate sources	-	-	-	-	-	-	-	491
State sources	-	-	-	-	-	-	-	15,653,839
Federal sources	7,280	60,636	23,147	19,032	-	-	-	1,096,398
Other receipts	-	-	-	-	-	343,036	3,454,796	3,841,931
Total receipts	<u>7,280</u>	<u>61,034</u>	<u>23,147</u>	<u>19,032</u>	<u>-</u>	<u>343,036</u>	<u>3,454,796</u>	<u>32,339,410</u>
Disbursements:								
Instruction	4,096	59,069	36,830	19,032	-	-	-	11,649,744
Support services	-	-	-	-	-	-	-	10,129,025
Noninstructional services	-	-	-	-	-	-	-	1,462,326
Facilities acquisition and construction	-	-	-	-	-	-	-	1,332,966
Debt service	-	-	-	-	-	-	-	1,658,863
Nonprogrammed charges	-	-	-	-	-	342,481	3,501,241	7,324,160
Total disbursements	<u>4,096</u>	<u>59,069</u>	<u>36,830</u>	<u>19,032</u>	<u>-</u>	<u>342,481</u>	<u>3,501,241</u>	<u>33,557,084</u>
Excess (deficiency) of receipts over disbursements	<u>3,184</u>	<u>1,965</u>	<u>(13,683)</u>	<u>-</u>	<u>-</u>	<u>555</u>	<u>(46,445)</u>	<u>(1,217,674)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	8,694
Sale of capital assets	-	-	-	-	-	-	-	6,217
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,911</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,184</u>	<u>1,965</u>	<u>(13,683)</u>	<u>-</u>	<u>-</u>	<u>555</u>	<u>(46,445)</u>	<u>(1,202,763)</u>
Cash and investments - ending	\$ -	\$ (6,610)	\$ (13,683)	\$ -	\$ 11,171	\$ 21,979	\$ 82,913	\$ 10,221,026

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FRANKLIN COUNTY COMMUNITY 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>\$ 748,274</u>	<u>\$ 181,297</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Franklin County Middle School Building Corporation	Renovations and improvements to Brookville Elementary School	\$ 63,500	3/9/2015	6/30/2026
Franklin County Middle School Building Corporation	Refund 2005 Bond and renovations and improvements to athletic complex at FCHS	857,800	11/9/2015	12/31/2027
Franklin County Community School Building Corporation	Mt. Carmel/Laurel School Geo-Thermal Project	<u>303,250</u>	2/13/2012	12/31/2025
Total governmental activities		<u>1,224,550</u>		
Total of annual lease payments		<u>\$ 1,224,550</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	QZAB Update Technology at Franklin County High School		\$ 995,000	\$ 204,213
Notes and loans payable	Common School Loan A0474 Brookville Middle School/Brookville Elementary School		<u>1,690,500</u>	<u>227,010</u>
Total governmental activities			<u>2,685,500</u>	<u>431,223</u>
Totals			<u>\$ 2,685,500</u>	<u>\$ 431,223</u>

FRANKLIN COUNTY COMMUNITY 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.

	Ending Balance
Governmental activities:	
Buildings	\$ 25,609,178
Improvements other than buildings	3,900,048
Machinery, equipment, and vehicles	5,037,363
Books and other	<u>972,458</u>
Total governmental activities	<u>35,519,047</u>
Total capital assets	<u><u>\$ 35,519,047</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 FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION, FRANKLIN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Franklin County Community 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. 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 2018-002, 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 20, 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.

FRANKLIN COUNTY COMMUNITY 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
USDA Breakfast Program			FY2017	\$ -	\$ 176,958	\$ -	\$ -
USDA Breakfast Program			FY2018	-	-	-	165,252
Total - School Breakfast Program				-	176,958	-	165,252
National School Lunch Program							
Commodities	Indiana Department of Education	10.555					
Commodities			FY2017	-	84,445	-	-
Commodities			FY2018	-	-	-	80,577
USDA Snack Program			FY2017	-	769	-	-
USDA Snack Program			FY2018	-	-	-	6,553
USDA Lunch Program			FY2017	-	499,645	-	-
USDA Lunch Program			FY2018	-	-	-	480,812
Total - National School Lunch Program				-	584,859	-	567,942
Summer Food Service Program for Children							
Summer Food Service	Indiana Department of Education	10.559					
			FY2018	-	-	-	7,194
Total - Summer Food Service Program for Children				-	-	-	7,194
Total - Child Nutrition Cluster				-	761,817	-	740,388
Total - Department of Agriculture				-	761,817	-	740,388
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY2015 Federal Part B 611 Grant			14215-013-PN01	-	2,506	-	-
FY2016 Federal Part B 611 Grant			14216-011-PN01	-	506,747	-	-
FY2017 Federal Part B 611 Grant			14217-011-PN01	-	191,005	-	485,712
FY2018 Federal Part B 611 Grant			18611-011-PN01	-	-	-	205,486
Total - Special Education Grants to States				-	700,258	-	691,198

FRANKLIN COUNTY COMMUNITY 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					
FY2016 Federal Preschool 619 Grant			45716-011-PN01	-	13,396	-	-
FY2017 Federal Preschool 619 Grant			45717-011-PN01	-	-	-	20,418
FY2018 Federal Preschool 619 Grant			18619-011-PN01	-	-	-	10,981
Total - Special Education Preschool Grants				-	13,396	-	31,399
Total - Special Education Cluster (IDEA)				-	713,654	-	722,597
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2015-2016			15-2475	-	140,862	-	-
Title I 2016-2017			16-2475	-	278,893	-	77,159
Title I 2017-2018			17-2475	-	-	-	230,047
Total - Title I Grants to Local Educational Agencies				-	419,755	-	307,206
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2014-2016 Title II Part A			13-2475	-	1,229	-	-
2015-2017 Title II Part A			15-2475	-	55,665	-	7,280
2016-2018 Title II Part A			16-2475	-	23,772	-	60,636
2017-2019 Title II Part A			17-2475	-	-	-	23,147
Total - Supporting Effective Instruction State Grants				-	80,666	-	91,063
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
2017-2018 Title IV Part A			S424A170015	-	-	-	23,253
Total - Student Support and Academic Enrichment Program				-	-	-	23,253
Total - Department of Education				-	1,214,075	-	1,144,119
Total federal awards expended				\$ -	\$ 1,975,892	\$ -	\$ 1,884,507

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

FRANKLIN COUNTY COMMUNITY 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.

FRANKLIN COUNTY COMMUNITY 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?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

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

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

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

Section II - Financial Statement Findings

FINDING 2018-001

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

Condition

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer entered federal award information on the Indiana Gateway for Government Units financial reporting system, which was used to generate the School Corporation's SEFA. The Superintendent of Schools reviewed this information prior to submission; however, material errors were undetected.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The SEFA contained the following errors:

1. The Child Nutrition Cluster was understated by \$172,216.
2. The Special Education Cluster (IDEA) was overstated by \$676,229.
3. Program titles were incorrect.

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

Criteria

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

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

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

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: Child Nutrition Cluster - Internal Controls

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): FY2017, FY2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Procurement and Suspension and Debarment, Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP), Special Tests
and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding of 2016-002 from the immediately prior audit report regarding Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Procurement and Suspension and Debarment, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity.

Procurement and Suspension and Debarment

The School Corporation had not designed or implemented adequate internal controls to ensure the Procurement and Suspension and Debarment compliance requirement was being met. One employee was responsible to ensure compliance with the procurement and suspension and debarment requirements without any oversight, review, or approval process.

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

The School Corporation had not designed or implemented adequate internal controls to ensure that the verification of free and reduced price applications and any necessary changes to students' eligibility statuses were accurate. One employee performed the verification of applications without evidence of an oversight, review, or approval process.

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

The School Corporation had not designed or implemented adequate internal controls to ensure the accuracy of the paid lunch equity calculation. One employee performed the paid lunch equity calculations using the online calculator tool without evidence of an oversight, review, or approval process.

FRANKLIN COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation's management had not implemented an adequate system of internal controls that would ensure compliance with the Procurement and Suspension and Debarment, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Procurement and Suspension and Debarment, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish effective internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

Dr. Debbie Howell
Superintendent of Schools

Ms. Tammy Chavis
Assistant Superintendent



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2016
Contact Person Responsible for Corrective Action: Sharon Pohlman, Treasurer
Contact Phone Number: (765) 647-4128

Status of Audit Finding: ***Internal Controls Over Financial Transactions and Reporting***

1. The Treasurer deposits funds into the appropriate bank.
2. The Accounts Payable/Purchasing Coordinator enters all incoming checks, cash, processed ACH transactions, and direct deposits into the business system.
3. The Payroll/Benefits Coordinator links the deposits to the business system bank to complete the posting process of all transactions.
4. The Treasurer reconciles the bank(s) at the end of each month.
5. The Superintendent reviews the reconciliation and signs an attestation sheet.

Sharon A. Bohema
(Signature)

Treasurer
(Title)

02-13-2019
(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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: Courtney Halloran, Food Service Director
Contact Phone Number: (765) 647-4128

Status of Audit Finding: ***Cash Management, Eligibility, Reporting, and Special Tests and Provisions Verification of Free and Reduced Price Applications***

Cash Management

- a. The Food Service Director reviews the School Lunch account on a monthly basis.
- b. She presents the financial information to FCCSC Board of School Trustees at their monthly meeting. This information includes the Food Service Department's three-month total.
- c. In the event there is a balance of more than a three-month average of expenditures, the Director of Food Services will contact the Treasurer and the Superintendent with this information.
- d. There will be a concerted effort to replace outdated Food Service equipment with this balance instead of using Capital Project Funds.

Eligibility

- a. Parents complete Free and Reduced applications online using lunchapp.com. The software guides the parents step by step to ensure that it is filled out properly.
- b. The applications are then sent to the building Cashiers/Assistant Secretaries. They match the students in the software to approve or deny free/reduced benefits.
- c. The Food Service Director then checks to ensure that the applications are completed correctly.

Reporting:

- a. The claims for reimbursements, annual financial reports, and verification reports are completed and submitted by the Food Service Director.
- b. The monthly reimbursement claims, annual financial reports, and verification reports are reviewed by the School Treasurer to ensure that the reports are correct. If there are discrepancies between what is submitted and what is correct, the Food Service Director edits the previous submission with the correct information. Then, the edited submission is again reviewed by the School Treasurer, and he/she signs off on the document.

Program Income:

- a. FCCSC Board of School Trustees approves meal prices prior to the beginning of each school year. Cafeteria Managers review and ensure that the correct prices are being charged by their school. The Cafeteria Managers will sign off on the correct prices being charged. They will then submit documentation to the Food Service Director.
- b. The Food Service Director reviews and signs each building's price implementation and charges documentation and this is kept on file.

Status of Audit Finding: **Cash Management, Eligibility, Reporting, and Special Tests and Provisions**
Verification of Free and Reduced Price Applications (continued)

Special Provisions:

- a. The Food Service Director will verify the free and reduced applications.
- b. The Verification Summary Report will be submitted to the School Treasurer to ensure that the verification process was properly completed.
- c. This will take place each December.

Courty Hallen
(Signature)

Food Service Director
(Title)

2/12/19
(Date)

Dr. Debbie Howell
Superintendent of Schools

Ms. Tammy Chavis
Assistant Superintendent



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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: Courtney Halloran
Contact Phone Number: (765) 647-4128

Status of Audit Finding: ***Allowable Costs/Cost Principles***

Allowable Costs/Cost Principles

- a. The Cashier/Assistant Secretary of each school documents the time worked as a Cashier in the Food Service Program separate from the time worked as an Assistant Secretary on a Time and Efforts Timesheet.
- b. The Cashier/Assistant Secretary submits this timesheet to the Food Service Director each week to check and review. The Food Service Director then submits the weekly timesheet to the Payroll/Benefits Coordinator to process for payroll.
- c. The time worked as a Cashier in the Food Service Program includes;
 1. Acting as Cashier in the cafeteria
 2. Keeping track of payments from all students and their parents.
 3. Reconciling meals and payments.
 4. Sending the weekly information to the Food Service Director for verification.
 5. Sending the correct amount for the weekly meals to the Corporation Treasurer.
 6. Tracking student eligibility and processing applications.

Courtney Halloran
(Signature)

Food Service Director
(Title)

2/13/19
(Date)

Dr. Debbie Howell
Superintendent of Schools

Ms. Tammie Chavis
Assistant Superintendent



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Mr. Terry Bryant, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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: Sharon Pohlman, Treasurer
Contact Phone Number: (765) 647-4128

Status of Audit Finding: ***IDEA - Allowable Costs/Cost Principles***

Allowable Costs/Cost Principles

The Treasurer at Union County/College Corner Special Education verifies and signs off on any payroll reports generated for Franklin County Community School Corporation's payroll that are paid by grants for which UC/CC is the LEA. The East Central Indiana Special Services Governing Board reviews and approves these expenditures at their monthly meeting.

The Treasurer at Franklin County Community School Corporation completes the annual Maintenance of Effort reports as they deal with the Special Education Grants coming through Union County/College Corner. The Superintendent of FCCSC verifies the reports and signs an attestation before it is forwarded to the Director of East Central Indiana Special Services at Union County/College Corner Joint School District.

Sharon A. Pohlman
(Signature)

Treasurer
(Title)

02-13-2019
(Date)

Dr. Debbie Howell
Superintendent of Schools

Ms. Tammy Chavis
Assistant Superintendent



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Mr. Terry Bryant, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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: Tammy Chavis, Assistant Superintendent
Contact Phone Number: (765) 647-4128

Status of Audit Finding:

Reporting

The Treasurer creates a reimbursement spreadsheet and compiles the reimbursement information to be submitted in the Title I Application Center the 1st and 15th of every month. The reimbursement spreadsheet is presented to the Assistant Superintendent who reviews and signs the spreadsheet agreeing to the amount requested for reimbursement.

Eligibility

The School Corporation will use the Real Time Report with an October 1st date. The building secretaries enter the information into Power School. After the building level principals approve the information the Education Technology Director will retrieve the information from Power School and input this same information for the Department of Education Real Time Report. Before submission of the Real Time Report, the Assistant Superintendent will review the information from Power School and the Real Time Report. After verifying that the information is correct, the Education Technology Director will submit the Real Time Report. The anticipated completion date for this is October 1, 2019.

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

Prior to a student being removed from a graduation cohort, the student must sign an official withdrawal form. The appropriate withdrawal code is placed on the form. The principal verifies the form to ensure the correct withdrawal code is on the form before signing. Once the form is signed, the counselor withdraws the student using the correct withdrawal code. The Education Technology Director then completes the real time report that will remove the student from the cohort. All signed withdrawal forms are maintained at the building level. The Assistant Superintendent will review and verify the real time information that includes an October 1st date. The anticipated completion date for this is October 1, 2019.

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Special Tests and Provisions - Comparability Report

Prior to the submission of the Comparability Report, the Title I Coordinator will review the Title I Comparability of Services Guidance provided by the State Education Agency. All reporting LEA's have the option of using either Form B1 or Form B2. Fall counts of enrollment and staff are used for the comparability report. Once the form is complete, the Superintendent will review the form and sign to certify that the information is correct. The person completing the Comparability Report will sign, make a copy for the files and send the original to the Office of Federal Title Grant Programs.

Special Tests and Provisions - Assessment System Security

The Test Security Policy was approved by the Board of School Trustees at the October 2018 School Board Meeting. This policy is located in Section 5.14 of the Board Policy Handbook. All steps of the policy have implemented and followed.



(Signature)

Assistant Superintendent

(Title)

February 12, 2019

(Date)

Dr. Debbie Howell
Superintendent of Schools

Ms. Tammy Chavis
Assistant Superintendent



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Mr. Terry Bryant, Member

CORRECTIVE ACTION PLAN

FINDING 2018-001

Material Weakness, Noncompliance

Contact Person Responsible for Corrective Action: Sharon Pohlman, Treasurer
Contact Phone Number: 765-647-4128 ext 1567

Views of Responsible Official: I concur that these items findings are correct.

Description of Corrective Action Plan:

SEFA

The Corporation Treasurer and the Superintendent will review the Gateway Annual Financial Report together each year to ensure that the information is correctly reported and that Internal Controls are in place before entering the information to Gateway. The Corporation Treasurer is now aware that the Secured Safety Grant is not a Federal Grant, and that the Food Service Commodities must be entered on the SEFA Report.

The Auditor supplied the Corporation Treasurer with corrections to the 2016-2017 and the 2017-2018 Gateway Annual Financial Report. These corrections will be completed before March 20, 2019.

Anticipated Completion Date: 2018-2019 Gateway Annual Financial Report

A handwritten signature in cursive script that reads "Sharon A. Pohlman".

(Signature)

Treasurer
(Title)

March 14, 2019
(Date)

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Dr. Debbie Howell
Superintendent of Schools

Ms. Tammy Chavis
Assistant Superintendent



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Mr. Rick Gill, Member
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Mr. Terry Bryant, Member

CORRECTIVE ACTION PLAN

FINDING 2018-002 ***Material Weakness***

Contact Person Responsible for Corrective Action: Courtney Halloran, Food Service Director
Contact Phone Number: 765-647-1128 ext 1561

Views of Responsible Official: I concur that these findings are correct.

Description of Corrective Action Plan:

Suspension and Debarment

Suspension and Debarment requirements are now be met with the use of the West Indy Co-op for use of food, non-food, paper, and commercial goods. The Food Service Director will ensure that all vendors used for purchasing will be compliant and accessible

Anticipated Completion Date: Immediately

Special Tests and Provisions- Verification

Verification will be conducted by the Food Service Director each first semester. The student eligibility, applications, and household incomes will be reviewed and signed by the Administrative Secretary to ensure that all the information and totals are correct before submission of the verification report. The final verification report prepared by the Food Service Director will also be reviewed and signed by the School Corporation Treasurer.

Anticipated Completion Date: December 2019

Paid Lunch Equity

The Paid Lunch Equity tool provided by the USDA will be completed by the Food Service Director each year. The Administrative Secretary will review the Paid Lunch Equity draft in comparison to the calculation of the lunch prices to ensure that totals are correct. The Administrative Secretary will sign off on the document if it is correct. The Food Service Director will submit the Paid Lunch Equity, and will present any price changes to the school board for approval.

Anticipated Completion Date: April 2019



(Signature)

Food Service Director
(Title)

March 14, 2019
(Date)

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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/>.