

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION
HARRISON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
04/24/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela L. Seipel Carolyn E. Wallace	01-01-16 to 01-08-19 01-09-19 to 12-31-19
Superintendent of Schools	Dr. Mark A. Eastridge	07-01-16 to 06-30-19
President of the School Board	Mary J. Mathes	01-01-16 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the South Harrison 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 April 3, 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

April 3, 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 SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON 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 South Harrison 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 April 3, 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.

South Harrison 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

April 3, 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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SOUTH HARRISON 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	\$ 691,199	\$ 20,087,038	\$ 17,991,455	\$ (1,265,186)	\$ 1,521,596	\$ 20,162,732	\$ 19,320,711	\$ 376	\$ 2,363,993
Debt Service	3,841,573	4,649,093	4,631,600	-	3,859,066	4,392,926	4,636,475	-	3,615,517
Retirement/Severance Bond Debt Service	127,299	390,137	478,531	(38,905)	-	-	-	-	-
Capital Projects	862,992	2,872,278	2,258,640	(26,264)	1,450,366	3,584,889	2,438,792	(100,000)	2,496,463
School Transportation	1,062,624	2,258,832	2,120,810	(40,370)	1,160,276	2,218,627	2,193,326	-	1,185,577
School Bus Replacement	478,779	234,110	276,873	-	436,016	239,757	113,708	-	562,065
Rainy Day	56,835	-	-	38,906	95,741	-	-	100,000	195,741
Retirement/Severance Bond	2,186,739	-	4,802	(4,257)	2,177,680	409	-	-	2,178,089
School Lunch	339,063	1,576,442	1,506,799	(56,096)	352,610	1,673,013	1,590,947	-	434,676
Textbook Rental	555,001	126,705	406,369	-	275,337	109,075	325,000	-	59,412
Self-Insurance	1,290,669	653,614	1,730,558	1,571,973	1,785,698	2,365,730	2,753,921	-	1,397,507
HCELC Joint Services	(590,274)	942,764	382,539	(109,347)	(139,396)	1,159,330	652,114	150	367,970
Educational License Plates	(7,379)	281	-	-	(7,098)	300	-	-	(6,798)
Alternative Education	63,856	10,211	-	-	74,067	10,117	-	-	84,184
Indiana Literacy Early Intervention Grant	-	29,999	18,104	-	11,895	13,674	22,446	-	3,123
Lilly Comprehensive Counseling Grant	-	29,955	29,524	-	431	299,548	37,930	-	262,049
Miscellaneous Programs	7,672	1,800	2,240	-	7,232	500	1,091	(1)	6,640
CCHS Miscellaneous	2,174	-	388	-	1,786	-	-	-	1,786
SCHS Miscellaneous	(47)	-	-	-	(47)	250	246	-	(43)
CES Miscellaneous	-	-	-	-	-	400	400	-	-
Shireman Family Scholar CCHS	6,494	54	-	-	6,548	56	-	-	6,604
Riverboat Education	2,708,443	878,740	1,282,564	21,757	2,326,376	865,994	817,965	(6,121)	2,368,284
Harrison County Community Foundation Grants	171,964	355,359	439,965	(23,814)	63,544	408,686	513,171	76,648	35,707
SCES Miscellaneous	-	1,175	231	-	944	-	333	-	611
Formative Assessment Grant	-	39,577	10,431	(29,146)	-	32,499	32,499	-	-
Special Education Excess Costs	-	18,086	18,086	-	-	29,194	29,194	-	-
WHAS Crusade for Children Grants	(596)	9,023	9,937	-	(1,510)	17,180	18,464	-	(2,794)
Professional Development	870	-	-	-	870	2,500	3,771	401	-
Mentor Program	401	-	-	-	401	-	-	(401)	-
Early Education Matching Grant	-	78,200	1,633	-	76,567	-	-	(76,567)	-
Secured Schools Safety Grant	(27,040)	86,793	71,209	(1,751)	(13,207)	47,966	56,122	6,121	(15,242)
American Dairy Equipment Grant	-	2,500	-	-	2,500	-	-	-	2,500
CES Lowe's Beautification Grant	1,450	-	97	-	1,353	-	1,338	-	15
Cultural Competency Grant	22	-	-	-	22	-	-	-	22
Indiana Arts Commission Grant	-	4,049	4,560	-	(511)	1,231	639	(81)	-
Lowe's Toolbox Grant - Elementary Instruments	-	-	-	-	-	5,000	5,000	-	-
Non-English Speaking Programs	7,983	6,400	12,892	-	1,491	7,500	9,307	-	(316)
State Connectivity Grant	6,753	8,468	11,613	-	3,608	11,010	3,608	-	11,010
Career and Technical Performance Grant	-	24,956	20,000	-	4,956	24,641	27,486	-	2,111
Performance Based Awards	3,900	-	-	(3,900)	-	90,040	90,040	-	-
Fuel Up To Play Grants	2,066	22,160	8,500	(717)	15,009	3,039	18,048	-	-
Dairy Dollar Grant	-	-	-	-	-	5,300	-	-	5,300
Workforce Development Skill-Up Grant	-	-	2,550	-	(2,550)	144,312	179,658	-	(37,896)
FY16 ESEA Title I Basic Grant	(36,444)	138,510	98,459	(3,607)	-	-	-	-	-
FY17 ESEA Title I Basic Grant	-	296,533	340,444	(11,425)	(55,336)	197,113	141,777	-	-
FY18 ESEA Title I Basic Grant	-	-	-	-	-	270,918	298,258	-	(27,340)
FY18 IDEA Part B 611 Special Ed Grant	-	-	-	-	-	920,130	967,557	-	(47,427)
FY14 IDEA Part B 611 Special Ed Grant	-	-	-	-	-	-	115	-	(115)
FY15 IDEA Part B 611 Special Ed Grant	(88,091)	177,131	89,040	-	-	-	-	-	-
FY16 IDEA Part B 611 Special Ed Grant	(357,622)	752,505	515,787	-	(120,904)	179,865	58,961	-	-
FY17 IDEA Part B 611 Special Ed Grant	-	758,543	938,907	-	(180,364)	531,349	454,604	-	(103,619)
FY18 IDEA Part B 619 Preschool Special Ed Grant	-	-	-	-	-	36,944	36,944	-	-
FY17 IDEA Part B 619 Preschool Special Ed Grant	-	35,391	37,910	-	(2,519)	2,519	-	-	-
FY16 IDEA Part B 619 Preschool Special Ed Grant	(10,820)	18,778	7,958	-	-	-	-	-	-
Project Lead the Way Grants	(3)	10,000	9,997	-	-	-	-	-	-
Medicaid Reimbursement	-	4,811	-	-	4,811	26,081	2,534	-	28,358
Other Federal Programs	2,734	-	-	-	2,734	-	-	-	2,734
FFY14 Title II Part A Improving Teacher Quality Grant	(4,015)	18,278	13,501	(762)	-	-	-	-	-
FFY15 Title II Part A Improving Teacher Quality Grant	-	95,924	94,057	(8,513)	(6,646)	10,740	4,094	-	-
FFY16 Title II Part A Improving Teacher Quality Grant	-	-	-	-	-	101,512	102,309	-	(797)
Reading First, No Child Left Behind	701	-	-	-	701	-	-	-	701
CES College Success Grant	67	-	-	-	67	-	67	-	-
CCJHS College Success Grant	681	-	-	-	681	-	735	-	(54)
HWES College Go Grant	324	-	224	-	100	-	60	-	40
NMES/SCES College Go Grant	846	-	678	-	168	-	65	-	103
Prepaid Lunches	19,120	829	2,471	-	17,478	11,775	6,482	-	22,771
Payroll Withholdings	53,343	4,760,652	4,769,078	-	44,917	4,805,892	4,802,079	-	48,730
Clearing Accounts	161,501	38,917	30,870	-	169,548	24,906	18,744	-	175,710
Totals	\$ 13,593,807	\$ 42,505,601	\$ 40,682,881	\$ 8,576	\$ 15,425,103	\$ 45,047,169	\$ 42,789,135	\$ 525	\$ 17,683,662

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

SOUTH HARRISON 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.

SOUTH HARRISON 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.

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. For some funds, this is a result of funds being set up for reimbursable grants. The cash deficits arose from disbursements exceeding receipts due to timing delays in reimbursements being received from the grantors; these deficits are to be repaid from future grant receipts. The Educational License Plates, SCHS Miscellaneous, CCJHS College Success Grant, and Criminal History Deposits (part of Clearing Accounts) funds incurred deficit balances due to disbursements exceeding receipts.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the South Harrison 2000 School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2017 and 2018 totaled \$4,630,100 and \$4,634,975, respectively.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, and vision. 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.

Note 10. *Combined Funds*

Funds related to the Community Foundation Grants and College Go Grants were reported individually in the prior financial statement, but were combined into one fund for the current financial statement.

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OTHER INFORMATION - UNAUDITED

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

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

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

SOUTH HARRISON 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 691,199	\$ 3,841,573	\$ 127,299	\$ 862,992	\$ 1,062,624	\$ 478,779	\$ 56,835	\$ 2,186,739	\$ 339,063
Receipts:									
Local sources	51,427	2,777,951	390,137	2,871,048	2,258,832	234,110	-	-	598,163
Intermediate sources	109	1,871,142	-	-	-	-	-	-	-
State sources	20,033,111	-	-	-	-	-	-	-	16,846
Federal sources	-	-	-	-	-	-	-	-	960,347
Other receipts	2,391	-	-	1,230	-	-	-	-	1,086
Total receipts	20,087,038	4,649,093	390,137	2,872,278	2,258,832	234,110	-	-	1,576,442
Disbursements:									
Instruction	11,870,591	-	-	-	-	-	-	-	-
Support services	5,557,443	-	-	1,587,079	2,120,810	276,873	-	4,802	-
Noninstructional services	563,421	-	-	-	-	-	-	-	1,506,799
Facilities acquisition and construction	-	-	-	671,561	-	-	-	-	-
Debt service	-	4,631,600	478,531	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	17,991,455	4,631,600	478,531	2,258,640	2,120,810	276,873	-	4,802	1,506,799
Excess (deficiency) of receipts over disbursements	2,095,583	17,493	(88,394)	613,638	138,022	(42,763)	-	(4,802)	69,643
Other financing sources (uses):									
Sale of capital assets	473	-	-	8,103	-	-	-	-	-
Transfers in	3,900	-	-	365,000	-	-	38,906	-	717
Transfers out	(1,269,559)	-	(38,905)	(399,367)	(40,370)	-	-	(4,257)	(56,813)
Total other financing sources (uses)	(1,265,186)	-	(38,905)	(26,264)	(40,370)	-	38,906	(4,257)	(56,096)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	830,397	17,493	(127,299)	587,374	97,652	(42,763)	38,906	(9,059)	13,547
Cash and investments - ending	\$ 1,521,596	\$ 3,859,066	\$ -	\$ 1,450,366	\$ 1,160,276	\$ 436,016	\$ 95,741	\$ 2,177,680	\$ 352,610

SOUTH HARRISON 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

	Textbook Rental	Self- Insurance	HCELC Joint Services	Educational License Plates	Alternative Education	Indiana Literacy Early Intervention Grant	Lilly Comprehensive Counseling Grant	Miscellaneous Programs	CCHS Miscellaneous
Cash and investments - beginning	\$ 555,001	\$ 1,290,669	\$ (590,274)	\$ (7,379)	\$ 63,856	\$ -	\$ -	\$ 7,672	\$ 2,174
Receipts:									
Local sources	31,862	653,614	942,718	-	-	-	29,955	1,800	-
Intermediate sources	-	-	-	281	-	-	-	-	-
State sources	94,843	-	-	-	10,211	29,999	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	46	-	-	-	-	-	-
Total receipts	126,705	653,614	942,764	281	10,211	29,999	29,955	1,800	-
Disbursements:									
Instruction	-	976,084	174,691	-	-	10,415	-	1,940	-
Support services	406,369	691,136	203,991	-	-	7,689	29,524	300	388
Noninstructional services	-	63,338	3,857	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	406,369	1,730,558	382,539	-	-	18,104	29,524	2,240	388
Excess (deficiency) of receipts over disbursements	(279,664)	(1,076,944)	560,225	281	10,211	11,895	431	(440)	(388)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	1,571,973	-	-	-	-	-	-	-
Transfers out	-	-	(109,347)	-	-	-	-	-	-
Total other financing sources (uses)	-	1,571,973	(109,347)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(279,664)	495,029	450,878	281	10,211	11,895	431	(440)	(388)
Cash and investments - ending	\$ 275,337	\$ 1,785,698	\$ (139,396)	\$ (7,098)	\$ 74,067	\$ 11,895	\$ 431	\$ 7,232	\$ 1,786

SOUTH HARRISON 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

	SCHS Miscellaneous	CES Miscellaneous	Shireman Family Scholar CCHS	Riverboat Education	Harrison County Community Foundation Grants	SCES Miscellaneous	Formative Assessment Grant	Special Education Excess Costs	WHAS Crusade for Children Grants
Cash and investments - beginning	\$ (47)	\$ -	\$ 6,494	\$ 2,708,443	\$ 171,964	\$ -	\$ -	\$ -	\$ (596)
Receipts:									
Local sources	-	-	54	13,535	355,359	1,175	-	-	9,023
Intermediate sources	-	-	-	865,205	-	-	-	-	-
State sources	-	-	-	-	-	-	39,577	18,086	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	54	878,740	355,359	1,175	39,577	18,086	9,023
Disbursements:									
Instruction	-	-	-	358,290	434,787	-	10,431	18,086	9,937
Support services	-	-	-	924,274	5,178	197	-	-	-
Noninstructional services	-	-	-	-	-	34	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,282,564	439,965	231	10,431	18,086	9,937
Excess (deficiency) of receipts over disbursements	-	-	54	(403,824)	(84,606)	944	29,146	-	(914)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	395,897	77,067	-	-	-	-
Transfers out	-	-	-	(374,140)	(100,881)	-	(29,146)	-	-
Total other financing sources (uses)	-	-	-	21,757	(23,814)	-	(29,146)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	54	(382,067)	(108,420)	944	-	-	(914)
Cash and investments - ending	\$ (47)	\$ -	\$ 6,548	\$ 2,326,376	\$ 63,544	\$ 944	\$ -	\$ -	\$ (1,510)

SOUTH HARRISON 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

	Professional Development	Mentor Program	Early Educational Matching Grant	Secured Schools Safety Grant	American Dairy Equipment Grant	CES Lowe's Beautification Grant	Cultural Competency Grant	Indiana Arts Commission Grant	Lowe's Toolbox Grant - Elementary Instruments
Cash and investments - beginning	\$ 870	\$ 401	\$ -	\$ (27,040)	\$ -	\$ 1,450	\$ 22	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	2,500	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	78,200	86,793	-	-	-	3,694	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	355	-
Total receipts	-	-	78,200	86,793	2,500	-	-	4,049	-
Disbursements:									
Instruction	-	-	1,633	-	-	-	-	4,560	-
Support services	-	-	-	71,209	-	97	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,633	71,209	-	97	-	4,560	-
Excess (deficiency) of receipts over disbursements	-	-	76,567	15,584	2,500	(97)	-	(511)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(1,751)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(1,751)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	76,567	13,833	2,500	(97)	-	(511)	-
Cash and investments - ending	\$ 870	\$ 401	\$ 76,567	\$ (13,207)	\$ 2,500	\$ 1,353	\$ 22	\$ (511)	\$ -

SOUTH HARRISON 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

	Non-English Speaking Programs	State Connectivity Grant	Career and Technical Performance Grant	Performance Based Awards	Fuel Up To Play Grants	Dairy Dollar Grant	Workforce Development Skill-Up Grant	FY16 ESEA Title I Basic Grant	FY17 ESEA Title I Basic Grant
Cash and investments - beginning	\$ 7,983	\$ 6,753	\$ -	\$ 3,900	\$ 2,066	\$ -	\$ -	\$ (36,444)	\$ -
Receipts:									
Local sources	-	-	-	-	22,160	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,400	8,468	24,956	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	138,510	296,533
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	6,400	8,468	24,956	-	22,160	-	-	138,510	296,533
Disbursements:									
Instruction	12,892	-	20,000	-	5,774	-	2,550	27,115	154,168
Support services	-	11,613	-	-	-	-	-	68,522	185,200
Noninstructional services	-	-	-	-	2,726	-	-	2,822	1,076
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,892	11,613	20,000	-	8,500	-	2,550	98,459	340,444
Excess (deficiency) of receipts over disbursements	(6,492)	(3,145)	4,956	-	13,660	-	(2,550)	40,051	(43,911)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(3,900)	(717)	-	-	(3,607)	(11,425)
Total other financing sources (uses)	-	-	-	(3,900)	(717)	-	-	(3,607)	(11,425)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,492)	(3,145)	4,956	(3,900)	12,943	-	(2,550)	36,444	(55,336)
Cash and investments - ending	\$ 1,491	\$ 3,608	\$ 4,956	\$ -	\$ 15,009	\$ -	\$ (2,550)	\$ -	\$ (55,336)

SOUTH HARRISON 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

	FY18 ESEA Title I Basic Grant	FY18 IDEA Part B 611 Special Ed Grant	FY14 IDEA Part B 611 Special Ed Grant	FY15 IDEA Part B 611 Special Ed Grant	FY16 IDEA Part B 611 Special Ed Grant	FY17 IDEA Part B 611 Special Ed Grant	FY18 IDEA Part B 619 Preschool Special Ed Grant	FY17 IDEA Part B 619 Preschool Special Ed Grant	FY16 IDEA Part B 619 Preschool Special Ed Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (88,091)	\$ (357,622)	\$ -	\$ -	\$ -	\$ (10,820)
Receipts:									
Local sources	-	-	-	-	121,175	8,614	-	-	11,458
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	177,131	631,330	749,929	-	35,391	7,320
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	177,131	752,505	758,543	-	35,391	18,778
Disbursements:									
Instruction	-	-	-	80,984	96,199	521,027	-	37,910	7,638
Support services	-	-	-	7,874	401,358	400,794	-	-	-
Noninstructional services	-	-	-	182	18,230	17,086	-	-	320
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	89,040	515,787	938,907	-	37,910	7,958
Excess (deficiency) of receipts over disbursements	-	-	-	88,091	236,718	(180,364)	-	(2,519)	10,820
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	-	-	-	88,091	236,718	(180,364)	-	(2,519)	10,820
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (120,904)	\$ (180,364)	\$ -	\$ (2,519)	\$ -

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

	Project Lead the Way Grants	Medicaid Reimbursement	Other Federal Programs	FFY14 Title II Part A Improving Teacher Quality Grant	FFY15 Title II Part A Improving Teacher Quality Grant	FFY16 Title II Part A Improving Teacher Quality Grant	Reading First, No Child Left Behind	CES College Success Grant	CCJHS College Success Grant
Cash and investments - beginning	\$ (3)	\$ -	\$ 2,734	\$ (4,015)	\$ -	\$ -	\$ 701	\$ 67	\$ 681
Receipts:									
Local sources	10,000	-	-	103	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	4,811	-	18,175	95,924	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	10,000	4,811	-	18,278	95,924	-	-	-	-
Disbursements:									
Instruction	9,997	-	-	11,101	38,611	-	-	-	-
Support services	-	-	-	2,400	55,446	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,997	-	-	13,501	94,057	-	-	-	-
Excess (deficiency) of receipts over disbursements	3	4,811	-	4,777	1,867	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(762)	(8,513)	-	-	-	-
Total other financing sources (uses)	-	-	-	(762)	(8,513)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3	4,811	-	4,015	(6,646)	-	-	-	-
Cash and investments - ending	\$ -	\$ 4,811	\$ 2,734	\$ -	\$ (6,646)	\$ -	\$ 701	\$ 67	\$ 681

SOUTH HARRISON 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

	HWES College Go Grant	NMES/SCES College Go Grant	Prepaid Lunches	Payroll Withholdings	Clearing Accounts	Totals
Cash and investments - beginning	\$ 324	\$ 846	\$ 19,120	\$ 53,343	\$ 161,501	\$ 13,593,807
Receipts:						
Local sources	-	-	829	-	-	11,397,602
Intermediate sources	-	-	-	-	-	2,736,737
State sources	-	-	-	-	-	20,451,184
Federal sources	-	-	-	-	-	3,115,401
Other receipts	-	-	-	4,760,652	38,917	4,804,677
Total receipts	-	-	829	4,760,652	38,917	42,505,601
Disbursements:						
Instruction	-	-	-	-	-	14,897,411
Support services	224	678	-	-	-	13,021,468
Noninstructional services	-	-	-	-	-	2,179,891
Facilities acquisition and construction	-	-	-	-	-	671,561
Debt service	-	-	-	-	-	5,110,131
Nonprogrammed charges	-	-	2,471	4,769,078	30,870	4,802,419
Total disbursements	224	678	2,471	4,769,078	30,870	40,682,881
Excess (deficiency) of receipts over disbursements	(224)	(678)	(1,642)	(8,426)	8,047	1,822,720
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	8,576
Transfers in	-	-	-	-	-	2,453,460
Transfers out	-	-	-	-	-	(2,453,460)
Total other financing sources (uses)	-	-	-	-	-	8,576
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(224)	(678)	(1,642)	(8,426)	8,047	1,831,296
Cash and investments - ending	\$ 100	\$ 168	\$ 17,478	\$ 44,917	\$ 169,548	\$ 15,425,103

SOUTH HARRISON 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,521,596	\$ 3,859,066	\$ -	\$ 1,450,366	\$ 1,160,276	\$ 436,016	\$ 95,741	\$ 2,177,680	\$ 352,610
Receipts:									
Local sources	58,848	2,514,881	-	3,584,302	2,216,995	239,757	-	409	630,501
Intermediate sources	117	1,878,045	-	-	-	-	-	-	-
State sources	20,085,677	-	-	-	-	-	-	-	15,835
Federal sources	17,567	-	-	-	-	-	-	-	1,026,292
Other receipts	523	-	-	587	1,632	-	-	-	385
Total receipts	20,162,732	4,392,926	-	3,584,889	2,218,627	239,757	-	409	1,673,013
Disbursements:									
Instruction	12,731,308	-	-	-	-	-	-	-	-
Support services	5,995,919	-	-	1,582,849	2,193,326	113,708	-	-	-
Noninstructional services	593,484	-	-	-	-	-	-	-	1,590,947
Facilities acquisition and construction	-	-	-	855,943	-	-	-	-	-
Debt service	-	4,636,475	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	19,320,711	4,636,475	-	2,438,792	2,193,326	113,708	-	-	1,590,947
Excess (deficiency) of receipts over disbursements	842,021	(243,549)	-	1,146,097	25,301	126,049	-	409	82,066
Other financing sources (uses):									
Sale of capital assets	375	-	-	-	-	-	-	-	-
Transfers in	1	-	-	-	-	-	100,000	-	-
Transfers out	-	-	-	(100,000)	-	-	-	-	-
Total other financing sources (uses)	376	-	-	(100,000)	-	-	100,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	842,397	(243,549)	-	1,046,097	25,301	126,049	100,000	409	82,066
Cash and investments - ending	\$ 2,363,993	\$ 3,615,517	\$ -	\$ 2,496,463	\$ 1,185,577	\$ 562,065	\$ 195,741	\$ 2,178,089	\$ 434,676

SOUTH HARRISON 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

	Textbook Rental	Self- Insurance	HCELC Joint Services	Educational License Plates	Alternative Education	Indiana Literacy Early Intervention Grant	Lilly Comprehensive Counseling Grant	Miscellaneous Programs	CCHS Miscellaneous
Cash and investments - beginning	\$ 275,337	\$ 1,785,698	\$ (139,396)	\$ (7,098)	\$ 74,067	\$ 11,895	\$ 431	\$ 7,232	\$ 1,786
Receipts:									
Local sources	2,443	2,365,730	1,159,330	-	-	-	299,548	500	-
Intermediate sources	-	-	-	300	-	-	-	-	-
State sources	106,632	-	-	-	10,117	13,674	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	109,075	2,365,730	1,159,330	300	10,117	13,674	299,548	500	-
Disbursements:									
Instruction	-	-	245,615	-	-	22,170	3,090	594	-
Support services	325,000	-	402,378	-	-	276	34,840	497	-
Noninstructional services	-	-	4,121	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,753,921	-	-	-	-	-	-	-
Total disbursements	325,000	2,753,921	652,114	-	-	22,446	37,930	1,091	-
Excess (deficiency) of receipts over disbursements	(215,925)	(388,191)	507,216	300	10,117	(8,772)	261,618	(591)	-
Other financing sources (uses):									
Sale of capital assets	-	-	150	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(1)	-
Total other financing sources (uses)	-	-	150	-	-	-	-	(1)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(215,925)	(388,191)	507,366	300	10,117	(8,772)	261,618	(592)	-
Cash and investments - ending	\$ 59,412	\$ 1,397,507	\$ 367,970	\$ (6,798)	\$ 84,184	\$ 3,123	\$ 262,049	\$ 6,640	\$ 1,786

SOUTH HARRISON 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

	SCHS Miscellaneous	CES Miscellaneous	Shireman Family Scholar CCHS	Riverboat Education	Harrison County Community Foundation Grants	SCES Miscellaneous	Formative Assessment Grant	Special Education Excess Costs	WHAS Crusade for Children Grants
Cash and investments - beginning	\$ (47)	\$ -	\$ 6,548	\$ 2,326,376	\$ 63,544	\$ 944	\$ -	\$ -	\$ (1,510)
Receipts:									
Local sources	250	400	56	7,695	408,686	-	-	-	17,180
Intermediate sources	-	-	-	858,299	-	-	-	-	-
State sources	-	-	-	-	-	-	32,499	29,194	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	250	400	56	865,994	408,686	-	32,499	29,194	17,180
Disbursements:									
Instruction	246	400	-	116,417	502,735	-	29,875	29,194	18,464
Support services	-	-	-	701,548	10,436	298	2,624	-	-
Noninstructional services	-	-	-	-	-	35	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	246	400	-	817,965	513,171	333	32,499	29,194	18,464
Excess (deficiency) of receipts over disbursements	4	-	56	48,029	(104,485)	(333)	-	-	(1,284)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	76,648	-	-	-	-
Transfers out	-	-	-	(6,121)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(6,121)	76,648	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4	-	56	41,908	(27,837)	(333)	-	-	(1,284)
Cash and investments - ending	\$ (43)	\$ -	\$ 6,604	\$ 2,368,284	\$ 35,707	\$ 611	\$ -	\$ -	\$ (2,794)

SOUTH HARRISON 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

	Professional Development	Mentor Program	Early Educational Matching Grant	Secured Schools Safety Grant	American Dairy Equipment Grant	CES Lowe's Beautification Grant	Cultural Competency Grant	Indiana Arts Commission Grant	Lowe's Toolbox Grant - Elementary Instruments
Cash and investments - beginning	\$ 870	\$ 401	\$ 76,567	\$ (13,207)	\$ 2,500	\$ 1,353	\$ 22	\$ (511)	\$ -
Receipts:									
Local sources	2,500	-	-	-	-	-	-	-	5,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	47,966	-	-	-	1,231	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	2,500	-	-	47,966	-	-	-	1,231	5,000
Disbursements:									
Instruction	3,771	-	-	-	-	-	-	639	5,000
Support services	-	-	-	56,122	-	1,338	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	3,771	-	-	56,122	-	1,338	-	639	5,000
Excess (deficiency) of receipts over disbursements	(1,271)	-	-	(8,156)	-	(1,338)	-	592	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	401	-	-	6,121	-	-	-	-	-
Transfers out	-	(401)	(76,567)	-	-	-	-	(81)	-
Total other financing sources (uses)	401	(401)	(76,567)	6,121	-	-	-	(81)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(870)	(401)	(76,567)	(2,035)	-	(1,338)	-	511	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (15,242)	\$ 2,500	\$ 15	\$ 22	\$ -	\$ -

SOUTH HARRISON 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

	Non-English Speaking Programs	State Connectivity Grant	Career and Technical Performance Grant	Performance Based Awards	Fuel Up To Play Grants	Dairy Dollar Grant	Workforce Development Skill-Up Grant	FY16 ESEA Title I Basic Grant	FY17 ESEA Title I Basic Grant
Cash and investments - beginning	\$ 1,491	\$ 3,608	\$ 4,956	\$ -	\$ 15,009	\$ -	\$ (2,550)	\$ -	\$ (55,336)
Receipts:									
Local sources	-	-	-	-	3,039	5,300	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	7,500	11,010	24,641	90,040	-	-	144,312	-	-
Federal sources	-	-	-	-	-	-	-	-	197,113
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	7,500	11,010	24,641	90,040	3,039	5,300	144,312	-	197,113
Disbursements:									
Instruction	9,307	-	8,145	87,277	2,048	-	153,653	-	51,341
Support services	-	3,608	19,341	2,763	-	-	26,005	-	83,512
Noninstructional services	-	-	-	-	16,000	-	-	-	6,924
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,307	3,608	27,486	90,040	18,048	-	179,658	-	141,777
Excess (deficiency) of receipts over disbursements	(1,807)	7,402	(2,845)	-	(15,009)	5,300	(35,346)	-	55,336
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,807)	7,402	(2,845)	-	(15,009)	5,300	(35,346)	-	55,336
Cash and investments - ending	\$ (316)	\$ 11,010	\$ 2,111	\$ -	\$ -	\$ 5,300	\$ (37,896)	\$ -	\$ -

SOUTH HARRISON 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

	FY18 ESEA Title I Basic Grant	FY18 IDEA Part B 611 Special Ed Grant	FY14 IDEA Part B 611 Special Ed Grant	FY15 IDEA Part B 611 Special Ed Grant	FY16 IDEA Part B 611 Special Ed Grant	FY17 IDEA Part B 611 Special Ed Grant	FY18 IDEA Part B 619 Preschool Special Ed Grant	FY17 IDEA Part B 619 Preschool Special Ed Grant	FY16 IDEA Part B 619 Preschool Special Ed Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (120,904)	\$ (180,364)	\$ -	\$ (2,519)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	270,918	920,130	-	-	179,865	531,349	36,944	2,519	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	270,918	920,130	-	-	179,865	531,349	36,944	2,519	-
Disbursements:									
Instruction	104,473	497,851	-	-	22,753	115,646	35,796	-	-
Support services	191,719	438,248	115	-	36,193	325,207	-	-	-
Noninstructional services	2,066	31,458	-	-	15	13,751	1,148	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	298,258	967,557	115	-	58,961	454,604	36,944	-	-
Excess (deficiency) of receipts over disbursements	(27,340)	(47,427)	(115)	-	120,904	76,745	-	2,519	-
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	(27,340)	(47,427)	(115)	-	120,904	76,745	-	2,519	-
Cash and investments - ending	\$ (27,340)	\$ (47,427)	\$ (115)	\$ -	\$ -	\$ (103,619)	\$ -	\$ -	\$ -

SOUTH HARRISON 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

	Project Lead the Way Grants	Medicaid Reimbursement	Other Federal Programs	FFY14 Title II Part A Improving Teacher Quality Grant	FFY15 Title II Part A Improving Teacher Quality Grant	FFY16 Title II Part A Improving Teacher Quality Grant	Reading First, No Child Left Behind	CES College Success Grant	CCJHS College Success Grant
Cash and investments - beginning	\$ -	\$ 4,811	\$ 2,734	\$ -	\$ (6,646)	\$ -	\$ 701	\$ 67	\$ 681
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	26,081	-	-	10,740	101,512	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	26,081	-	-	10,740	101,512	-	-	-
Disbursements:									
Instruction	-	-	-	-	2,887	49,962	-	-	-
Support services	-	2,534	-	-	1,207	52,347	-	67	735
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,534	-	-	4,094	102,309	-	67	735
Excess (deficiency) of receipts over disbursements	-	23,547	-	-	6,646	(797)	-	(67)	(735)
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	-	23,547	-	-	6,646	(797)	-	(67)	(735)
Cash and investments - ending	\$ -	\$ 28,358	\$ 2,734	\$ -	\$ -	\$ (797)	\$ 701	\$ -	\$ (54)

SOUTH HARRISON 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

	HWES College Go Grant	NMES/SCES College Go Grant	Prepaid Lunches	Payroll Withholdings	Clearing Accounts	Totals
Cash and investments - beginning	\$ 100	\$ 168	\$ 17,478	\$ 44,917	\$ 169,548	\$ 15,425,103
Receipts:						
Local sources	-	-	-	-	-	13,523,350
Intermediate sources	-	-	-	-	-	2,736,761
State sources	-	-	-	-	-	20,620,328
Federal sources	-	-	-	-	-	3,321,030
Other receipts	-	-	11,775	4,805,892	24,906	4,845,700
Total receipts	-	-	11,775	4,805,892	24,906	45,047,169
Disbursements:						
Instruction	-	-	-	-	-	14,850,657
Support services	60	65	-	-	-	12,604,885
Noninstructional services	-	-	-	-	-	2,259,949
Facilities acquisition and construction	-	-	-	-	-	855,943
Debt service	-	-	-	-	-	4,636,475
Nonprogrammed charges	-	-	6,482	4,802,079	18,744	7,581,226
Total disbursements	60	65	6,482	4,802,079	18,744	42,789,135
Excess (deficiency) of receipts over disbursements	(60)	(65)	5,293	3,813	6,162	2,258,034
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	525
Transfers in	-	913	-	-	-	184,084
Transfers out	-	(913)	-	-	-	(184,084)
Total other financing sources (uses)	-	-	-	-	-	525
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60)	(65)	5,293	3,813	6,162	2,258,559
Cash and investments - ending	\$ 40	\$ 103	\$ 22,771	\$ 48,730	\$ 175,710	\$ 17,683,662

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SOUTH HARRISON 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>\$ 349,814</u>	<u>\$ 218,687</u>

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Inc.	Purchase of iPads for elementary classrooms.	\$ 127,195	9/25/2015	9/25/2018
South Harrison 2000 School Building Corporation	Series 2017 - Refunding of Bonds for Renovations/Expansions of Multiple Schools	2,563,475	4/19/2017	1/15/2026
South Harrison 2000 School Building Corporation	Series 2008 - Refunding of Bonds for Renovation/Expansion of Multiple Schools	1,242,250	1/8/2008	7/15/2020
South Harrison 2000 School Building Corporation	Series 2014 - Refunding of Bonds for Renovations/Expansion of Multiple Schools	<u>802,625</u>	10/7/2014	7/15/2019
Total governmental activities		<u>4,735,545</u>		
Total of annual lease payments		<u>\$ 4,735,545</u>		

SOUTH HARRISON 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 255,294
Buildings	82,443,125
Improvements other than buildings	1,157,200
Machinery, equipment, and vehicles	<u>8,648,248</u>
Total governmental activities	<u>92,503,867</u>
Total capital assets	<u><u>\$ 92,503,867</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 SOUTH HARRISON COMMUNITY
SCHOOL CORPORATION, HARRISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the South Harrison 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)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-008, 2018-009, and 2018-010. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, and 2018-010, that we consider to be material weaknesses.

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

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

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
Paul D. Joyce, CPA
State Examiner

April 3, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SOUTH HARRISON 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					
School Breakfast Program			3190	\$ -	\$ 227,714	\$ -	\$ 243,212
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			3190	-	712,211	-	753,022
National School Lunch Program - Commodities			3190	-	132,703	-	128,848
After School Snack Program			3190	-	20,422	-	19,645
Total - National School Lunch Program				-	865,336	-	901,515
Total - Child Nutrition Cluster				-	1,093,050	-	1,144,727
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
National School Lunch Program Equipment			20830	-	-	-	10,413
Total - Department of Agriculture				-	1,093,050	-	1,155,140
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY15 IDEA Part B 611 Special Education			14215-028-PN01	-	94,617	-	-
FY16 IDEA Part B 611 Special Education			14216-026-PN01	-	341,123	-	97,185
FY17 IDEA Part B 611 Special Education			14217-026-PN01	-	402,262	-	285,016
FY18 IDEA Part B 611 Special Education			18611-026-PN01	-	-	-	488,497
Total - Special Education Grants to States				-	838,002	-	870,698
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY16 IDEA Part B 619 Preschool Special Education			45716-026-PN01	-	3,579	-	-
FY17 IDEA Part B 619 Preschool Special Education			45717-026-PN01	-	17,314	-	1,232
FY18 IDEA Part B 619 Preschool Special Education			18619-026-PN01	-	-	-	17,707
Total - Special Education Preschool Grants				-	20,893	-	18,939
Total - Special Education Cluster (IDEA)				-	858,895	-	889,637

SOUTH HARRISON 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
FY16 ESEA Title I Basic			S010A150014	-	138,510	-	-
FY17 ESEA Title I Basic			S010A160014	-	296,533	-	197,113
FY18 ESEA Title I Basic			S010A170014	-	-	-	270,918
Total - Title I Grants to Local Educational Agencies				-	435,043	-	468,031
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
FFY14 Title II Part A			S367A140013	-	18,175	-	-
FFY15 Title II Part A			S367A150013	-	95,924	-	10,740
FFY16 Title II Part A			S367A160013	-	-	-	101,512
Total - Supporting Effective Instruction State Grants				-	114,099	-	112,252
College Access Challenge Grant Program	Indiana Commission for Higher Education	84.378					
HWES College Go Grant			3190	-	224	-	60
NMES/SCES College Go Grant			3190	-	678	-	65
CES College Success Grant			3190	-	-	-	67
CCJHS College Success Grant			3190	-	-	-	681
Total - College Access Challenge Grant Program				-	902	-	873
Total - Department of Education				-	1,408,939	-	1,470,793
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Reimbursement-Federal			3190	-	4,811	-	43,649
Total - Medicaid Cluster				-	4,811	-	43,649
Total - Department of Health and Human Services				-	4,811	-	43,649
Total federal awards expended				\$ -	\$ 2,506,800	\$ -	\$ 2,669,582

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

SOUTH HARRISON 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.

Note 3. Special Education Cooperative

The School Corporation is a member of a special education cooperative and serves as the fiscal agent of the special education cooperative. As a result, some activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

SOUTH HARRISON 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:

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

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

This is a repeat of Finding 2016-002 from the immediately prior audit report.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

There were deficiencies in the internal control system of the School Corporation related to the financial transactions and reporting of payroll transactions. The payroll deduction clearing bank account was used to account for employee withholding activity to four payroll vendors using an electronic payment method that did not require checks. These amounts were set up in the payroll system as payroll direct deductions. The receipt and disbursement activity was not recorded to the clearing accounts in the School Corporation's financial records. The deductions did not appear on the School Corporation's vendor history reports, revenue reports, or expense reports, and the deductions were not approved by the School Board.

Throughout the audit period, the Treasurer would make adjusting entries to the financial records. A system of controls was not in place to ensure that the adjusting entries were approved and contained proper documentation to support the reason for the adjustment.

Context

The lack of controls over financial transactions and reporting of the payroll transactions was a systemic issue throughout the audit period. The activity for the four payroll vendors totaled \$319,551 for fiscal year 2017 and \$349,825 for fiscal year 2018. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

The lack of a control system in place to show the approval of adjusting entries and to ensure proper documentation to support the adjustments was also a systemic issue throughout the audit period.

Criteria

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

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

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

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

Indiana Code 5-11-10-1.6(c) states in part:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payments of the claim. . . ."

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Clearing Accounts serve as control accounts for certain areas of the accounting system. Therefore, they must be supported by receipts and disbursement entries in the general ledger and the subsidiary ledgers or other supporting records. The clearing accounts are subsidiary records only and should not be used in lieu of proper and prescribed reporting of receipts, disbursements, and balance of the funds of the school corporation in accordance with IC 5-11-1-2. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 7)

Cause

Management of the School Corporation had not established a proper system of internal control to ensure all financial activity was reported within the financial records and transactions were properly approved.

Effect

The failure to establish controls enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to financial transactions and reporting to ensure all financial activity is properly reported within the financial records and that all transactions are properly approved.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 3190
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-006 from the immediately prior audit report.

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 Eligibility compliance requirement. Determination of eligibility was made by one individual without any oversight or review by another individual.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of internal 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

Management of the School Corporation had not developed a system of internal controls that segregated key functions to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

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

FINDING 2018-003

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 3190
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat of Finding 2016-005 from the immediately prior audit report.

Condition

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

Procurement

The School Corporation had not established effective controls to ensure that their purchasing method used complied with procurement requirements.

The School Corporation did not obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, which required the use of small purchase procedures. The School Corporation also did not obtain a contract for one vendor for which the total disbursements exceeded \$150,000; the threshold for use of exceeding simplified acquisition procedures.

Suspension and Debarment

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

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.320 states in part:

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

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

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

2 CFR 180.300 states:

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

You do this by:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2018-004

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 3190
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2016-006 from the immediately prior audit report.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the requirement related to the grant agreement and the Reporting compliance requirement. The Annual Financial Reports and School Food Authority (SFA) Verification Collection reports were completed by one individual without any oversight or review by another individual.

The School Food Authority (SFA) Verification Collection report was not completed properly for fiscal year 2018. An application that was subjected to verification did not have its results included within the report.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period. The non-compliance was isolated to the fiscal year 2018 School Food Authority (SFA) Verification Collection report.

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). . . ."

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 245.6a(h) states in part:

"Verification reporting and recordkeeping requirements. By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . . All verified applications must be readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official which indicate which documents were submitted by the household and the date of submission. All relevant correspondence between the households selected for verification and the school or local educational agency must be retained. Local educational agencies are encouraged to collect and report any or all verification data elements before the required dates."

Cause

Management of the School Corporation had not developed a system of internal controls that segregated key functions and ensured compliance with the grant agreement and Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2018-005

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 3190
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Findings: Material Weakness, Other Matters

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. The proper procedures for eligibility verification were not performed.

During fiscal year 2017, one student's benefit eligibility status was not changed once the applicant failed to respond to the requested information for verification. Once the applicant was informed the eligibility benefit status would be changed to paid due to a failure to respond, a second application was submitted. The School Corporation determined the eligibility status should remain as free based upon the second application, without requesting documentation to verify the income shown on the application.

During fiscal year 2018, the School Corporation attempted to notify the applicant they were required to submit information for verification; however, the notification was returned by the postal service. No further action was taken to verify the application.

Context

The lack of internal controls and noncompliance 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). . . ."

7 CFR 245.11(c) states in part:

"*Local educational agency requirements.* Beginning July 1, 2014, and each July 1 thereafter, local educational agencies selected by the State agency to conduct a second review of applications must ensure that the initial eligibility determination for each application is reviewed for accuracy prior to notifying the household of the eligibility or ineligibility of the household for free and reduced price meals. The second review must be conducted by an individual or entity who did not make the initial determination. This individual or entity is not required to be an employee of the local educational agency but must be trained on how to make application determinations. All individuals or entities who conduct a second review of applications are subject to the disclosure requirements set forth in § 245.6(f) through (k). . . ."

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Per USDA Eligibility Manual for School Meals Determining and Verifying Eligibility dated July 18, 2017, page 59:

"Households affected by a reduction or termination of benefits may reapply for benefits at any time during the school year, and schools should remind families their children may become eligible for free meals if the household unit experiences a change in financial circumstances (i.e., household size goes up or income goes down). However, if benefits to a household have been terminated because of failure to complete the verification or verification for cause process and the household reapplies in the same school year, the household is required to submit income documentation or proof of participation in Assistance Programs at the time of reapplication [7 CFR 245.6a(f)(7)]. These are not considered new applications."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to remain undetected. Noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement could have resulted in the loss of federal funds.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirement.

Views of Responsible Officials

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

FINDING 2018-006

Subject: Title I Grants to Local Educational Agencies - Procurement and Suspension and Debarment
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 16-3190, 17-3190, 18-3190
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

The School Corporation had adopted a procurement policy that is in accordance with federal guidelines under Uniform Guidance; however, they were unable to provide supporting documentation for small purchases (greater than \$3,500 but less than \$150,000).

The School Corporation did not verify that one vendor with purchases greater than \$25,000 had not been suspended or debarred from receiving federal monies.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

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

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

2 CFR 180.300 states:

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

You do this by:

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2018-007

Subject: Special Education Cluster (IDEA) - Internal Controls

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-026-PN01, 45716-026-PN01,
14217-026-PN01, 45717-026-PN01,
18619-026-PN01, 18611-026-PN01

Pass-Through Entity: Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Cash Management, Period of Performance

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-009 from the immediately prior audit report.

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:

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Activities Allowed or Unallowed

There were no controls in place to ensure expenditures charged to the federal programs were for allowable activities. Summary total amounts referencing descriptions, payroll transactions, and FICA were not reviewed to ensure that the underlying detailed transactions actually related to the description and were allowable activities. Supporting documentation for adjustment transactions was not reviewed to verify that the underlying transactions were for allowable activities.

Cash Management

An effective internal control system was not in place to verify that the amounts requested were in agreement with the underlying financial records or that the grant expenditures had been paid prior to making the request.

Period of Performance

There were no controls in place to ensure the obligation for salary and benefit expenditures charged to the federal programs were within the period of performance. Supporting documentation for adjustment transactions was not reviewed to verify that the underlying transactions were within the period of performance.

Context

The lack of adequate internal 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

Management of the School Corporation had not developed an effective system of internal controls that segregated key functions.

Effect

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no known questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-008

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-026-PN01, 45716-026-PN01,
14217-026-PN01, 45717-026-PN01,
18619-026-PN01, 18611-026-PN01

Pass-Through Entity: Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2016-011 from the immediately prior audit report.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Proper controls were not in place to ensure costs associated with salaries and benefits were properly charged and allocated to the grant programs. Salaries and benefits were approved by summary total only. Details of the salary and benefit transactions were not reviewed to verify that employees' costs expended were for employees that had performed work for the grant programs and were in agreement with the amounts reported on supporting time records.

Proper controls were not in place to ensure that detailed documentation supporting all adjustment and transfer transactions was being reviewed and approved prior to recording the transactions. Adjustments and transfers were approved by summary total only. Additionally, controls were not in place to ensure that when salary adjustment and transfer transactions were made, that similar adjustment transactions were made for any related employee benefit costs.

Proper controls were not in place to ensure that adequate supporting documentation was maintained for all grant disbursements and that costs were allocated properly. During fiscal year 2018, expenses charged to the program in the amount of \$12,290 could not be identified with specific transactions. Shipping costs in the amount of \$45 were charged to the grant program; however, the goods associated with the shipping costs were charged to a different grant program. These costs were considered questioned costs. When the errors were projected to the population, likely questioned costs are \$57,551.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. No detailed payroll distributions records or supporting documentation for adjustment/transfer transactions were presented to the School Board for review prior to payment.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to remain undetected. Noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Known questioned costs in the amount of \$12,335 were identified.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2018-009

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

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-026-PN01, 45716-026-PN01,
14217-026-PN01, 45717-026-PN01,
18619-026-PN01, 18611-026-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

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

Procurement

Proper controls were not in place to ensure that procured goods and services were purchased using the small purchase method. The required price or rate quotations for small purchases were not retained for audit.

Suspension and Debarment

Proper controls were not in place to ensure that suspension and debarment procedures were followed. Documentation was not retained to verify that vendors were not suspended or debarred prior to entering into a contract.

Context

The lack of internal controls was a systemic problem throughout the audit period. Supporting documentation was not kept that could support that the required procedures for small purchases were being followed. Supporting documentation was also not available to determine if the School Corporation verified if a vendor was suspend or debarred from receiving federal monies prior to entering into a contract with them.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(i) states:

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

2 CFR 200.320(b) states:

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

2 CFR 180.300 states:

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

You do this by:

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

Cause

Management of the School Corporation had not developed an effective system of internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective system of internal controls enabled material noncompliance to remain undetected. The failure to comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2018-010

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-028-PN01, 14216-026-PN01,
45716-026-PN01, 14217-026-PN01,
45717-026-PN01, 18619-026-PN01,
18611-026-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2016-010 from the immediately prior audit report.

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement. There were no controls in place to ensure that supporting documentation attached to the reports was in agreement with amounts reported on the submitted Final Financial Expenditure reports. In addition, there were no controls in place to verify that the amounts requested on the Cash Request for Reimbursement agreed to the underlying financial records.

The submitted Final Expenditure Report and Cash Request for Reimbursement did not agree with the underlying financial reports for the grant funds.

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

The submitted fiscal year 2017 and fiscal year 2018 Final Expenditure Reports did not match the School Corporation's expenditure reports that were attached as supporting documentation. Expenditures were recorded to the financial records in excess of the grant awards' budget amounts. As a result of overspending the award amounts, the grant funds had deficit balances. Management resolved the deficits in the grant funds by transferring monies from local sources or transferring expenses to other grant funds.

Two Cash Request for Reimbursement reports submitted during fiscal year 2018 did not match the School Corporation's expenditure reports that were attached as supporting documentation. The total amount on one Cash Request for Reimbursement was less than the amount shown as expended in the ledger, while another request was greater than the amount expended in the ledger. The School Corporation was forced to request amounts that differed from the actual amounts reported in the ledger.

The following differences existed between the amounts reported on the Final Financial Expenditure Reports and the Cash Request for Reimbursements, with the total fund expenditures per the School Corporation's ledger:

<i>Final Financial Expenditure Report</i>						
Fund Number	Grant Award Number	Report Filed	Grant Award Amount	Final Expenditure Report Amount	Total Grant Expenditures Per Funds Ledger	Difference
5203	14215-028-PN01	12-15-16	\$ 1,355,867	\$ 1,355,867	\$ 1,450,903	\$ (95,036)
5409	45716-026-PN01	05-06-17	35,965	35,965	47,423	(11,458)
5204	14216-026-PN01	12-22-17	1,362,755	1,362,755	1,483,930	(121,175)

<i>Request for Reimbursement Report</i>						
Fund Number	Grant Award Number	Report Filed	Grant Award Amount	Cash Reimbursement Report Amount	Total Grant Expenditures Per Funds Ledger	Difference
5204	14216-026-PN01	06-29-17	\$ 1,362,755	\$ 120,905	\$ (362,386)	\$ 483,291
5205	14217-026-PN01	06-29-17	1,422,222	180,365	593,623	(413,258)

Criteria

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

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

SOUTH HARRISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

2 CFR 200.302(b) states in part:

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

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect

The failure to establish a system of internal controls enabled material noncompliance to remain undetected. The failure to comply with the grant agreement and the Reporting compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred	2014
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	N/A
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	Date of Implementation: Submission for 6/30/18 At least two persons collaborate when data is input and reviewed when preparing the Schedule of Federal Awards (SEFA) into Indiana Gateway for Government Units reporting system.

FINDING 2016-002

Fiscal year in which the finding initially occurred	2014
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	N/A
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	Date of Implementation: This has not been completed. Anticipated date of completion is prior to June 30, 2019. The bank account known as “Payroll Deductions” will be brought onto Komputrol system prior to June 30, 2019. This account is reconciled and maintained in a separate ledger.

FINDING 2016-003

Fiscal year in which the finding initially occurred	2016
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Department of Agriculture – National School Lunch Program, School Breakfast Program
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168

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Status of Audit Finding	The following control has been implemented: Monthly comparison of fund balance to the calculated three month average expenditures will be completed and reviewed during food service reviews.
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FINDING 2016-004

Fiscal year in which the finding initially occurred	2016
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Department of Agriculture – National School Lunch Program, School Breakfast Program
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	The following control procedures have been implemented: Detailed salary and benefit transactions will be reviewed to verify allowable costs during food service reviews. Payroll distribution reports will be reviewed and employees will complete the time and effort reporting. These records will then be reviewed and maintained.

FINDING 2016-005

Fiscal year in which the finding initially occurred	2016
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Department of Agriculture – National School Lunch Program, School Breakfast Program
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	The following control procedure was implemented for 2018-2019 school year: The Suspension and Debarment listing will be searched to verify that vendors are not included therein on an annual basis or prior to using a new vendor.

FINDING 2016-006

Fiscal year in which the finding initially occurred	2016
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Department of Agriculture – National School Lunch Program, School Breakfast Program
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	The following control procedures have been implemented:

	<p>Each of these items are reviewed during the food service meetings:</p> <ul style="list-style-type: none"> • Detailed salary and benefit transactions; • Monthly claims for reimbursement; • Annual financial reports; • Verification summary reports; • Recording of program income; • Reconciliation of prepaid food control account; • Details of all receipts and expenditures to/from School Lunch Fund; and, • Paid lunch equity meal pricing calculation. <p>A sample of submitted lunch assistance applications will be selected for review eligibility determination beginning with the 2019-2020 school year. Additionally, documentation will be maintained to verify the review of income eligibility guidelines that are uploaded into the nutrition software.</p>
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FINDING 2016-007

Fiscal year in which the finding initially occurred	2014
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Department of Education – Title I Grants to Local Educational Agencies
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	<p>The following control procedures have been implemented:</p> <p>Detailed salary and benefit transactions are reviewed by the program director prior to the submission of reimbursement requests and/or transfers to verify that the costs are both allowable and within the period of performance.</p> <p>Payroll distribution reports are reviewed and compared to time and effort reporting logs to determine that all required employees are completing the correct form. These records are then reviewed and maintained.</p>

FINDING 2016-008

Fiscal year in which the finding initially occurred	2014
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Department of Education – Title I Grants to Local Educational Agencies
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	<p>The following control procedure has been implemented:</p> <p>Detailed salary and benefit transactions is reviewed by the</p>

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	program director prior to the submission of reimbursement requests and/or transfers to verify that the costs are both allowable and within the period of performance.
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FINDING 2016-009

Fiscal year in which the finding initially occurred	2014
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Indiana Department of Education – Special Education Grants to States, Special Education Preschool Grants
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	The following control procedure was implemented summer 2018: Detailed salary and benefit transactions is reviewed by the program director prior to the submission of reimbursement requests and/or transfers to verify that the costs are both allowable and within the period of performance.

FINDING 2016-010

Fiscal year in which the finding initially occurred	2012
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Indiana Department of Education – Special Education Grants to States, Special Education Preschool Grants
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	The following control procedure was implemented summer 2018: Detailed expenditure reports are included with the final reports and are reviewed by the program director prior to submission for purposes of verifying allowable cost and period of performance.

FINDING 2016-011

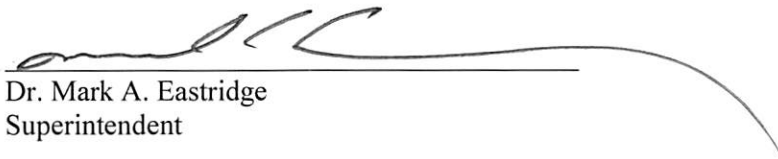
Fiscal year in which the finding initially occurred	2014
Pass-Through Entity, if pass through, or Federal Grantor Agency, if direct	Indiana Department of Education – Special Education Grants to States, Special Education Preschool Grants
Contact Person Responsible for Corrective Action	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Treasurer/Director of Business Operations
Contact Phone Number	(812) 738-2168
Status of Audit Finding	The following control procedures were implemented summer 2018: Detailed salary and benefit transactions are reviewed by the

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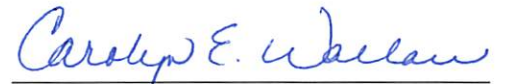
program director or by someone other than the preparer to verify allowable costs prior to the submission of reimbursement requests and/or completion of transfers.

Payroll distribution reports are reviewed and compared to time and effort reporting logs to determine that all required employees are completing the correct form. These records are then be reviewed and maintained.

Signatures:



Dr. Mark A. Eastridge
Superintendent



Carolyn E. Wallace
Treasurer/Director of Business Operations



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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action:	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Director of Business Operations
Contact Phone Number:	(812) 738-2168
View of Responsible Official:	We concur with the finding; however we would like to note that these deductions are reconciled on a monthly basis which provides the detail for the amounts ultimately recorded in the financial statements.
Description of Corrective Action Plan:	The payroll deduction clearing account will be integrated into the financial reporting system and transactions will be recorded therein.
Anticipated Completion Date:	Prior to June 30, 2019

FINDING 2018-002

Contact Person Responsible for Corrective Action:	Dr. Mark A. Eastridge, Superintendent Carolyn Wallace, Director of Business Operations
Contact Phone Number:	(812) 738-2168
View of Responsible Official:	We concur with the finding.
Description of Corrective Action Plan:	Control procedures will be implemented to assure that determination of eligibility of selected applications will be reviewed by someone other than the person making the determination.
Anticipated Completion Date:	Internal reviews of 2018-2019 applications will be conducted prior to June 30, 2019 with reviews continuing for subsequent periods.

FINDING 2018-003

Contact Person Responsible for Corrective Action: Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number: (812) 738-2168

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The following control procedures will be implemented:
(1) The Board of School Trustees is reviewing the policy which will increase the small purchases threshold from \$3,500 to \$10,000 – the second reading of the proposed change is April 9, 2019. The School Corporation will seek and maintain documentation for purchases that exceed this threshold beginning immediately.
(2) The School Corporation will seek to enter into contractual agreements for vendors with disbursements that exceed the simplified acquisition threshold of \$150,000.
(3) The Suspension and Debarment listing will continue being searched to verify that vendors are not included therein each year for recurring vendors.
(4) Vendors will be verified against the Suspension and Debarment listing before entering into a new contract.

Anticipated Completion Date: (1) April 9, 2019; (2) Review of current disbursements against contracts to be conducted by June 30, 2019 and contractual arrangements will be created for new vendors whose disbursements may exceed the threshold of \$150,000; (3) Ongoing; (4) Immediately, with all new vendors

FINDING 2018-004

Contact Person Responsible for Corrective Action: Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number: (812) 738-2168

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Control procedures have been implemented to assure that annual financial reports and verification collection reports are reviewed by someone other than the person preparing the reports.

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Anticipated Completion Date: Immediate; effective for the annual financial report for the period ended June 30, 2018 and the verification collection report completed for the 2018-2019 application processing period.

FINDING 2018-005

Contact Person Responsible for Corrective Action: Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number: (812) 738-2168

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Control procedures have been implemented to assure that the verification of free and reduced price application process is reviewed by someone other than the person preparing the reports.

Anticipated Completion Date: Complete, for the verification of free and reduced priced application process for the 2018-2019 application processing period.

FINDING 2018-006

Contact Person Responsible for Corrective Action: Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number: (812) 738-2168

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The following control procedures will be implemented:
(1) The Board of School Trustees is reviewing the policy which will increase the small purchases threshold from \$3,500 to \$10,000 – the second reading of the proposed change is April 9, 2019. The School Corporation will seek and maintain documentation for purchases that exceed this threshold beginning immediately.
(2) The Suspension and Debarment listing will be searched to verify that vendors are not included therein each year.

Anticipated Completion Date: (1) April 9, 2019; (2) Recurring vendors will be annually reviewed against the suspension and debarment listing beginning before June 30, 2019 and new vendors will be verified.

FINDING 2018-007

Contact Person Responsible for Corrective Action: Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number: (812) 738-2168

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The following control procedure has been implemented:
Detailed expenditure reports will be included with all reimbursement requests, transfer and/or final reports. This documentation will be reviewed by the program director or another person prior to submission for purposes of verifying allowable cost and period of performance.

Anticipated Completion Date: Immediate; detailed expenditure reports are currently included with and reviewed by another for all prepared reports and/or transfers.

FINDING 2018-008

Contact Person Responsible for Corrective Action: Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number: (812) 738-2168

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The following control procedures will be implemented:
Detailed salary and benefit transactions will be reviewed by the program director or by someone other than the preparer to verify allowable costs prior to the submission of reimbursement requests and/or completion of transfers.

Anticipated Completion Date: Immediate; detailed expenditure reports are currently included with and reviewed by another for all prepared reports and/or transfers.

FINDING 2018-009

Contact Person Responsible for Corrective Action: Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number: (812) 738-2168

View of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The following control procedures will be implemented:

- (1) The Board of School Trustees is reviewing the policy which will increase the small purchases threshold from \$3,500 to \$10,000 – the second reading of the proposed change is April 9, 2019. The School Corporation will seek and maintain documentation for purchases that exceed this threshold beginning immediately.
- (2) The Suspension and Debarment listing will be searched to verify that vendors are not included therein each year and new vendors will be verified prior to entering of contract.

Anticipated Completion Date:

- (1) April 9, 2019; (2) Recurring vendors will be annually reviewed against the suspension and debarment listing beginning before June 30, 2019 and new vendors will be verified.

FINDING 2018-010

Contact Person Responsible for Corrective Action:

Dr. Mark A. Eastridge, Superintendent
Carolyn Wallace, Director of Business Operations

Contact Phone Number:

(812) 738-2168

View of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The following control procedure has been implemented:
Detailed expenditure reports will be included with all reimbursement requests, transfer and/or final reports. This documentation will be reviewed by the program director and/or another person prior to submission for purposes of verifying proper reporting.

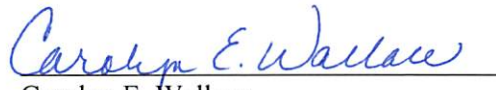
Anticipated Completion Date:

Immediate; detailed expenditure reports are currently included with and reviewed by another for all prepared reports and/or transfers.

Signatures:



Dr. Mark A. Eastridge
Superintendent



Carolyn E. Wallace
Director of Business Operations

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/>.