

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FRANKTON-LAPEL COMMUNITY
SCHOOL CORPORATION
MADISON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
05/14/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lynne Hall Candace McDonald	07-01-16 to 11-04-18 11-05-18 to 06-30-19
Superintendent of Schools	Bobby Fields	07-01-16 to 06-30-19
President of the School Board	Tami Davis Brian Gill Tami Davis Mike Rusche	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE FRANKTON-LAPEL COMMUNITY
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Frankton-Lapel 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 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 18, 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 18, 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 FRANKTON-LAPEL COMMUNITY
SCHOOL CORPORATION, MADISON 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 Frankton-Lapel 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 18, 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 items 2018-001 and 2018-002, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Frankton-Lapel 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 18, 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.

FRANKTON-LAPEL 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	\$ 478,376	\$ 19,055,486	\$ 16,153,435	\$ (2,371,485)	\$ 1,008,942	\$ 19,241,345	\$ 18,115,423	\$ (969,522)	\$ 1,165,342
Debt Service	3,058,057	4,977,469	5,297,869	-	2,737,657	5,518,666	5,296,830	-	2,959,493
Capital Projects	(390,480)	996,019	854,048	500,300	251,791	980,862	1,123,545	-	109,108
Transportation	(359,118)	1,621,753	1,036,575	195	226,255	1,325,724	1,476,807	3,888	79,060
School Bus Replacement	166,126	335,333	-	(229,651)	271,808	403,544	314,463	14,700	375,589
Rainy Day	232,387	-	-	235,051	467,438	-	-	-	467,438
School Lunch	643,460	1,464,062	1,447,667	-	659,855	1,378,556	1,388,907	-	649,504
Textbook Rental	227,331	476,692	268,914	(150,000)	285,109	472,278	553,307	-	204,080
Self-Insurance	36,340	370,921	2,578,746	2,171,485	-	798,444	1,767,966	969,522	-
Levy Excess	-	-	-	-	-	-	-	-	-
2016-17 Early Intervention Grant	-	15,733	-	-	15,733	-	15,751	-	(18)
2017 Lilly Counseling Grant	-	30,000	22,544	-	7,456	-	7,153	-	303
LES PTG Technology	-	24,380	24,380	-	-	-	-	-	-
FJSHS Lowe's Toolbox for Education Grant	-	656	656	-	-	5,000	3,602	-	1,398
FJSHS Kids in Need Grant	500	-	-	-	500	-	-	-	500
FJSHS Lowe's Grant	5,005	-	5,005	-	-	-	-	-	-
FJSHS Science Night Grant	-	250	250	-	-	-	-	-	-
FES PTG Technology	-	17,701	24,356	-	(6,655)	-	-	-	(6,655)
LMS South Madison Foundation Grant	1,311	59	-	-	1,370	950	-	-	2,320
LHS South Madison Foundation Grant	1,641	1,000	1,251	-	1,390	2,540	-	-	3,930
LES South Madison Foundation Grant	736	1,011	1,832	-	(85)	4,814	3,682	-	1,047
FJSHS McDonalds Grant	-	308	293	-	15	-	-	-	15
Autism Grant FJSHS	277	-	-	-	277	-	254	-	23
FES Library Grant	-	8,400	400	-	8,000	-	7,389	-	611
Kindergarten Camp Grant	(102)	-	6,713	-	(6,815)	-	4,837	-	(11,652)
FES Lowe's Grant	-	5,000	-	-	5,000	-	429	-	4,571
Community Hospital Healthcare Grant	3,690	5,300	4,896	-	4,094	6,700	1,940	-	8,854
STEM Teacher Grant	-	-	-	-	-	500	500	-	-
Active Teacher Grant	-	-	-	-	-	500	500	-	-
Elementary Library Gift	500	-	-	-	500	-	-	-	500
LMS Washington D.C. Trip	-	-	-	-	-	5,550	5,550	-	-
LES Bradford Woods Trip	-	-	-	-	-	550	550	-	-
FJSHS McDonalds Art Grant	-	-	-	-	-	482	389	-	93
FES Sara Smith Donation	-	-	-	-	-	450	-	-	450
FJSHS Chemistry Grant	-	-	-	-	-	1,500	1,225	-	275
LES We are Authors	-	-	-	-	-	600	-	-	600
FJSHS Doo Good Grant	-	-	-	-	-	500	494	-	6
FES On My Way Pre-K	-	-	-	-	-	1,000	-	-	1,000
Charley's Fund for Children	-	-	-	-	-	650	350	-	300
Child Care	(10,229)	136,644	122,902	-	3,513	154,165	124,715	-	32,963
All Day Kindergarten	(5,930)	-	-	-	(5,930)	6,486	-	-	56
Pre-School	271,915	245,250	167,542	(150,000)	199,623	262,933	147,406	-	315,150
ISTEP	1,200	-	-	-	1,200	-	375	-	825
Dickison Scholarship FJSHS	7,461	-	-	-	7,461	-	-	-	7,461
Copeland Reading Scholarship	1,524	210	300	-	1,434	230	300	-	1,364
Cunningham Grant	-	50,928	48,992	-	1,936	-	-	-	1,936
2016-17 Cape Elementary Grant	-	2,465	1,395	-	1,070	-	388	-	682
LHS Teachers for Tomorrow	10,000	250	1,000	-	9,250	-	1,000	-	8,250
Construction Funds	(37,842)	37,842	-	-	-	-	-	-	-

FRANKTON-LAPEL 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
Disaster Related Expenses	1,875	-	-	-	1,875	-	-	-	1,875
Pepsi	2,762	18,452	5,626	-	15,588	5,311	18,130	-	2,769
Tuition	16,873	-	6,045	-	10,828	-	-	-	10,828
Reimbursement	(5,125)	5,906	161,230	-	(160,449)	358,211	273,230	-	(75,468)
Private School Account	-	13,025	15,021	-	(1,996)	11,342	28,042	-	(18,696)
LHS Library	866	3,181	2,423	-	1,624	2,007	1,994	-	1,637
LMS Faculty	48	-	-	-	48	-	-	-	48
FJSHS Library	3,032	408	-	-	3,440	344	-	-	3,784
LHS Scholarship	1,250	-	-	-	1,250	-	-	-	1,250
LES Library	628	8,282	8,261	-	649	9,401	7,629	-	2,421
FES Library	-	-	-	-	-	4	-	-	4
LMS Library	118	117	-	-	235	28	-	-	263
LHS River	9,011	90	150	-	8,951	-	448	-	8,503
Formative Assessment	-	-	-	-	-	-	-	-	-
2016-17 Formative Assessment Grant	-	39,362	59,760	-	(20,398)	-	(20,398)	-	-
2017-18 Formative Assessment Grant	-	-	-	-	-	36,655	20,398	-	16,257
2017-18 High Ability Grant	-	-	-	-	-	37,043	8,118	-	28,925
2016-17 High Ability Grant	-	37,299	27,108	-	10,191	-	7,499	-	2,692
2015-16 High Ability Grant	13,660	-	12,729	-	931	-	931	-	-
Damage/Accidents/Insurance	72,362	2,152	73,864	-	650	850	-	-	1,500
Special Ed. Coop. Grant/Cert	-	39,757	76,905	-	(37,148)	120,792	97,832	-	(14,188)
Special Ed. Coop. Grant/N-Cert	-	27,331	53,737	-	(26,406)	37,350	12,235	-	(1,291)
Medicaid Reimbursement	-	-	-	-	-	34,778	1,343	-	33,435
2016-17 NESP	2,580	5,458	5,254	-	2,784	460	3,244	-	-
2017-18 NESP	-	-	-	-	-	4,750	3,770	-	980
State Connectivity Grant	9,408	8,468	420	-	17,456	11,010	-	-	28,466
Career and Technical Performance Grant	-	4,492	3,113	-	1,379	4,501	7,886	-	(2,006)
Performance Based Awards	-	-	-	-	-	90,390	-	-	90,390
Technology/E-Rates	133,753	104,295	228,736	-	9,312	31,568	44,732	-	(3,852)
GQE Remediation Grant	25,212	-	-	-	25,212	-	-	-	25,212
Testing/Instructional Assistants	70	250	275	-	45	40	-	-	85
2012-13 Innovation Plan Grant	3,739	-	-	-	3,739	-	-	-	3,739
2015-17 Rural/Low Income Grant	(4,792)	42,503	40,672	-	(2,961)	-	-	-	(2,961)
2015-16 Title I Grant	(40,936)	44,124	3,188	-	-	-	-	-	-
2016-17 Title I Grant	-	246,637	313,615	-	(66,978)	101,336	34,488	-	(130)
2017-18 Title I Grant	-	-	-	-	-	272,747	300,509	-	(27,762)
2014-15 Title II Part A Grant	(25,137)	-	(25,137)	-	-	-	-	-	-
2015-16 Title II Part A Grant	(5,184)	12,361	7,177	-	-	-	-	-	-
2016-17 Title II Part A Grant	-	28,954	39,483	-	(10,529)	26,560	16,031	-	-
2017-18 Title II Part A Grant	-	-	-	-	-	41,837	46,467	-	(4,630)
Miscellaneous Clearing	2,164	2,881	(192)	-	5,237	172	229	-	5,180
Pre-Paid Lunch	40,859	(107,999)	-	-	(67,140)	(14,994)	-	-	(82,134)
Payroll Clearing	(6)	3,851,199	3,851,160	-	33	2,278,337	2,260,287	-	18,083
Totals	\$ 4,603,226	\$ 34,320,107	\$ 33,042,584	\$ 5,895	\$ 5,886,644	\$ 34,078,349	\$ 33,541,101	\$ 18,588	\$ 6,442,480

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

FRANKTON-LAPEL 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.

FRANKTON-LAPEL 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.

FRANKTON-LAPEL 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 or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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.

FRANKTON-LAPEL 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.

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

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

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants while other funds had total disbursements that exceeded receipts. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018.

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Frankton-Lapel North Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2017 and 2018, totaled \$1,886,500 and \$1,885,000, respectively.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

The School Corporation has entered into a capital lease with Frankton-Lapel South High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$3,015,000 and \$3,027,000, respectively.

The School Corporation has entered into a capital lease with Frankton-Lapel High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$257,000 and \$306,246, respectively.

Note 10. Combined Funds

The current financial statement reports the Miscellaneous Clearing fund and the Payroll Clearing fund as separate funds. In the previous financial statement the funds were combined and reported as the Payroll Withholdings fund.

Note 11. Renamed Funds

The follow funds were renamed in the current financial statement:

Current Fund Name	Previous Fund Name
FJSHS Lowe's Grant	FJSHS Science Grant
Pre-School	Age 4 Pre-School
2015-16 High Ability Grant	Formative Assessment
2016-17 NESP	Non English Speaking Programs
State Connectivity Grant	School Technology
2012-13 Innovation Plan Grant	Senator David Ford Technology

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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.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self-Insurance
Cash and investments - beginning	\$ 478,376	\$ 3,058,057	\$ (390,480)	\$ (359,118)	\$ 166,126	\$ 232,387	\$ 643,460	\$ 227,331	\$ 36,340
Receipts:									
Local sources	172,698	4,977,469	995,808	1,619,365	335,333	-	781,838	288,387	370,921
Intermediate sources	195	-	-	-	-	-	-	-	-
State sources	18,881,619	-	-	-	-	-	22,459	85,211	-
Federal sources	-	-	-	-	-	-	659,765	103,094	-
Other receipts	974	-	211	2,388	-	-	-	-	-
Total receipts	19,055,486	4,977,469	996,019	1,621,753	335,333	-	1,464,062	476,692	370,921
Disbursements:									
Instruction	10,956,891	-	-	-	-	-	-	-	-
Support services	4,804,077	-	667,390	1,036,575	-	-	232,295	268,914	2,547
Noninstructional services	177,849	-	-	-	-	-	1,215,372	-	-
Facilities acquisition and construction	-	-	186,658	-	-	-	-	-	-
Debt service	58,694	5,297,869	-	-	-	-	-	-	-
Nonprogrammed charges	155,924	-	-	-	-	-	-	-	2,576,199
Total disbursements	16,153,435	5,297,869	854,048	1,036,575	-	-	1,447,667	268,914	2,578,746
Excess (deficiency) of receipts over disbursements	2,902,051	(320,400)	141,971	585,178	335,333	-	16,395	207,778	(2,207,825)
Other financing sources (uses):									
Sale of capital assets	-	-	300	195	5,400	-	-	-	-
Transfers in	-	-	500,000	-	-	235,051	-	-	2,171,485
Transfers out	(2,371,485)	-	-	-	(235,051)	-	-	(150,000)	-
Total other financing sources (uses)	(2,371,485)	-	500,300	195	(229,651)	235,051	-	(150,000)	2,171,485
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	530,566	(320,400)	642,271	585,373	105,682	235,051	16,395	57,778	(36,340)
Cash and investments - ending	\$ 1,008,942	\$ 2,737,657	\$ 251,791	\$ 226,255	\$ 271,808	\$ 467,438	\$ 659,855	\$ 285,109	\$ -

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Levy Excess	2016-17 Early Intervention Grant	2017 Lilly Counseling Grant	LES PTG Technology	FJSHS Lowe's Toolbox for Education Grant	FJSHS Kids in Need Grant	FJSHS Lowe's Grant	FJSHS Science Night Grant	FES PTG Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 5,005	\$ -	\$ -
Receipts:									
Local sources	-	15,733	30,000	24,380	656	-	-	250	17,701
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	15,733	30,000	24,380	656	-	-	250	17,701
Disbursements:									
Instruction	-	-	22,544	24,380	656	-	5,005	250	24,356
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	22,544	24,380	656	-	5,005	250	24,356
Excess (deficiency) of receipts over disbursements	-	15,733	7,456	-	-	-	(5,005)	-	(6,655)
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	-	15,733	7,456	-	-	-	(5,005)	-	(6,655)
Cash and investments - ending	\$ -	\$ 15,733	\$ 7,456	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ (6,655)

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

	LMS South Madison Foundation Grant	LHS South Madison Foundation Grant	LES South Madison Foundation Grant	FJSHS McDonalds Grant	Autism Grant FJSHS	FES Library Grant	Kindergarten Camp Grant	FES Lowe's Grant	Community Hospital Healthcare Grant
Cash and investments - beginning	\$ 1,311	\$ 1,641	\$ 736	\$ -	\$ 277	\$ -	\$ (102)	\$ -	\$ 3,690
Receipts:									
Local sources	-	1,000	991	308	-	8,400	-	5,000	5,300
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	59	-	20	-	-	-	-	-	-
Total receipts	59	1,000	1,011	308	-	8,400	-	5,000	5,300
Disbursements:									
Instruction	-	1,251	1,832	293	-	400	6,713	-	4,896
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,251	1,832	293	-	400	6,713	-	4,896
Excess (deficiency) of receipts over disbursements	59	(251)	(821)	15	-	8,000	(6,713)	5,000	404
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	59	(251)	(821)	15	-	8,000	(6,713)	5,000	404
Cash and investments - ending	\$ 1,370	\$ 1,390	\$ (85)	\$ 15	\$ 277	\$ 8,000	\$ (6,815)	\$ 5,000	\$ 4,094

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	STEM Teacher Grant	Active Teacher Grant	Elementary Library Gift	LMS Washington D.C. Trip	LES Bradford Woods Trip	FJSHS McDonalds Art Grant	FES Sara Smith Donation	FJSHS Chemistry Grant	LES We are Authors
Cash and investments - beginning	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	FJSHS Doo Good Grant	FES On My Way Pre-K	Charley's Fund for Children	Child Care	All Day Kindergarten	Pre-School	ISTEP	Dickison Scholarship FJSHS	Copeland Reading Scholarship
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (10,229)	\$ (5,930)	\$ 271,915	\$ 1,200	\$ 7,461	\$ 1,524
Receipts:									
Local sources	-	-	-	136,644	-	-	-	-	210
Intermediate sources	-	-	-	-	-	245,250	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	136,644	-	245,250	-	-	210
Disbursements:									
Instruction	-	-	-	-	-	3,147	-	-	300
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	122,902	-	164,395	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	122,902	-	167,542	-	-	300
Excess (deficiency) of receipts over disbursements	-	-	-	13,742	-	77,708	-	-	(90)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(150,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(150,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	13,742	-	(72,292)	-	-	(90)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 3,513	\$ (5,930)	\$ 199,623	\$ 1,200	\$ 7,461	\$ 1,434

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Cunningham Grant	2016-17 Cape Elementary Grant	LHS Teachers for Tomorrow	Construction Funds	Disaster Related Expenses	Pepsi	Tuition	Reimbursement
Cash and investments - beginning	\$ -	\$ -	\$ 10,000	\$ (37,842)	\$ 1,875	\$ 2,762	\$ 16,873	\$ (5,125)
Receipts:								
Local sources	50,928	2,465	250	37,842	-	-	-	5,906
Intermediate sources	-	-	-	-	-	18,452	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>50,928</u>	<u>2,465</u>	<u>250</u>	<u>37,842</u>	<u>-</u>	<u>18,452</u>	<u>-</u>	<u>5,906</u>
Disbursements:								
Instruction	48,992	1,395	1,000	-	-	-	4,320	-
Support services	-	-	-	-	-	5,626	1,725	161,230
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>48,992</u>	<u>1,395</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>5,626</u>	<u>6,045</u>	<u>161,230</u>
Excess (deficiency) of receipts over disbursements	<u>1,936</u>	<u>1,070</u>	<u>(750)</u>	<u>37,842</u>	<u>-</u>	<u>12,826</u>	<u>(6,045)</u>	<u>(155,324)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,936</u>	<u>1,070</u>	<u>(750)</u>	<u>37,842</u>	<u>-</u>	<u>12,826</u>	<u>(6,045)</u>	<u>(155,324)</u>
Cash and investments - ending	<u>\$ 1,936</u>	<u>\$ 1,070</u>	<u>\$ 9,250</u>	<u>\$ -</u>	<u>\$ 1,875</u>	<u>\$ 15,588</u>	<u>\$ 10,828</u>	<u>\$ (160,449)</u>

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	Private School Account	LHS Library	LMS Faculty	FJSHS Library	LHS Scholarship	LES Library	FES Library	LMS Library	LHS River
Cash and investments - beginning	\$ -	\$ 866	\$ 48	\$ 3,032	\$ 1,250	\$ 628	\$ -	\$ 118	\$ 9,011
Receipts:									
Local sources	13,025	3,181	-	408	-	8,282	-	117	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	90
Total receipts	13,025	3,181	-	408	-	8,282	-	117	90
Disbursements:									
Instruction	15,021	-	-	-	-	-	-	-	150
Support services	-	2,423	-	-	-	8,261	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,021	2,423	-	-	-	8,261	-	-	150
Excess (deficiency) of receipts over disbursements	(1,996)	758	-	408	-	21	-	117	(60)
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	(1,996)	758	-	408	-	21	-	117	(60)
Cash and investments - ending	\$ (1,996)	\$ 1,624	\$ 48	\$ 3,440	\$ 1,250	\$ 649	\$ -	\$ 235	\$ 8,951

FRANKTON-LAPEL 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

	Formative Assessment	2016-17 Formative Assessment Grant	2017-18 Formative Assessment Grant	2017-18 High Ability Grant	2016-17 High Ability Grant	2015-16 High Ability Grant	Damage/ Accidents/ Insurance	Special Ed. Coop. Grant/Cert
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,660	\$ 72,362	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	2,152	39,757
State sources	-	39,362	-	-	37,299	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	39,362	-	-	37,299	-	2,152	39,757
Disbursements:								
Instruction	-	59,760	-	-	27,108	12,729	-	76,905
Support services	-	-	-	-	-	-	73,864	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	59,760	-	-	27,108	12,729	73,864	76,905
Excess (deficiency) of receipts over disbursements	-	(20,398)	-	-	10,191	(12,729)	(71,712)	(37,148)
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	-	(20,398)	-	-	10,191	(12,729)	(71,712)	(37,148)
Cash and investments - ending	\$ -	\$ (20,398)	\$ -	\$ -	\$ 10,191	\$ 931	\$ 650	\$ (37,148)

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	Special Ed. Coop. Grant/N-Cert	Medicaid Reimbursement	2016-17 NESP	2017-18 NESP	State Connectivity Grant	Career and Technical Performance Grant	Performance Based Awards	Technology/ E-Rates
Cash and investments - beginning	\$ -	\$ -	\$ 2,580	\$ -	\$ 9,408	\$ -	\$ -	\$ 133,753
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	27,331	-	-	-	-	-	-	-
State sources	-	-	5,458	-	8,468	4,492	-	104,295
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	27,331	-	5,458	-	8,468	4,492	-	104,295
Disbursements:								
Instruction	53,737	-	5,254	-	-	3,113	-	-
Support services	-	-	-	-	420	-	-	228,736
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	53,737	-	5,254	-	420	3,113	-	228,736
Excess (deficiency) of receipts over disbursements	(26,406)	-	204	-	8,048	1,379	-	(124,441)
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	(26,406)	-	204	-	8,048	1,379	-	(124,441)
Cash and investments - ending	\$ (26,406)	\$ -	\$ 2,784	\$ -	\$ 17,456	\$ 1,379	\$ -	\$ 9,312

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	GQE Remediation Grant	Testing/ Instructional Assistants	2012-13 Innovation Plan Grant	2015-17 Rural/ Low Income Grant	2015-16 Title I Grant	2016-17 Title I Grant	2017-18 Title I Grant	2014-15 Title II Part A Grant
Cash and investments - beginning	\$ 25,212	\$ 70	\$ 3,739	\$ (4,792)	\$ (40,936)	\$ -	\$ -	\$ (25,137)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	220	-	-	-	-	-	-
State sources	-	-	-	42,503	-	-	-	-
Federal sources	-	-	-	-	44,124	246,637	-	-
Other receipts	-	30	-	-	-	-	-	-
Total receipts	-	250	-	42,503	44,124	246,637	-	-
Disbursements:								
Instruction	-	-	-	40,672	(10,401)	234,192	-	(25,137)
Support services	-	275	-	-	13,554	77,845	-	-
Noninstructional services	-	-	-	-	35	1,578	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	275	-	40,672	3,188	313,615	-	(25,137)
Excess (deficiency) of receipts over disbursements	-	(25)	-	1,831	40,936	(66,978)	-	25,137
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	-	(25)	-	1,831	40,936	(66,978)	-	25,137
Cash and investments - ending	\$ 25,212	\$ 45	\$ 3,739	\$ (2,961)	\$ -	\$ (66,978)	\$ -	\$ -

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	2015-16 Title II Part A Grant	2016-17 Title II Part A Grant	2017-18 Title II Part A Grant	Miscellaneous Clearing	Pre-paid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ (5,184)	\$ -	\$ -	\$ 2,164	\$ 40,859	\$ (6)	\$ 4,603,226
Receipts:							
Local sources	-	-	-	-	-	-	9,910,796
Intermediate sources	-	-	-	-	-	-	333,357
State sources	-	-	-	-	-	-	19,231,166
Federal sources	12,361	28,954	-	-	-	-	1,094,935
Other receipts	-	-	-	2,881	(107,999)	3,851,199	3,749,853
Total receipts	12,361	28,954	-	2,881	(107,999)	3,851,199	34,320,107
Disbursements:							
Instruction	7,177	39,483	-	-	-	-	11,648,384
Support services	-	-	-	-	-	-	7,585,757
Noninstructional services	-	-	-	-	-	-	1,682,131
Facilities acquisition and construction	-	-	-	-	-	-	186,658
Debt service	-	-	-	-	-	-	5,356,563
Nonprogrammed charges	-	-	-	(192)	-	3,851,160	6,583,091
Total disbursements	7,177	39,483	-	(192)	-	3,851,160	33,042,584
Excess (deficiency) of receipts over disbursements	5,184	(10,529)	-	3,073	(107,999)	39	1,277,523
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	5,895
Transfers in	-	-	-	-	-	-	2,906,536
Transfers out	-	-	-	-	-	-	(2,906,536)
Total other financing sources (uses)	-	-	-	-	-	-	5,895
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,184	(10,529)	-	3,073	(107,999)	39	1,283,418
Cash and investments - ending	\$ -	\$ (10,529)	\$ -	\$ 5,237	\$ (67,140)	\$ 33	\$ 5,886,644

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	General	Debt Service	Capital Projects	Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Self- Insurance
Cash and investments - beginning	\$ 1,008,942	\$ 2,737,657	\$ 251,791	\$ 226,255	\$ 271,808	\$ 467,438	\$ 659,855	\$ 285,109	\$ -
Receipts:									
Local sources	116,559	5,518,666	980,862	1,317,809	340,118	-	658,497	379,585	798,444
Intermediate sources	98	-	-	-	-	-	-	-	-
State sources	19,114,587	-	-	-	-	-	21,578	-	-
Federal sources	-	-	-	-	-	-	698,481	92,693	-
Other receipts	10,101	-	-	7,915	63,426	-	-	-	-
Total receipts	19,241,345	5,518,666	980,862	1,325,724	403,544	-	1,378,556	472,278	798,444
Disbursements:									
Instruction	12,212,342	-	-	-	-	-	-	-	-
Support services	5,242,658	-	876,949	1,476,807	314,463	-	239,047	553,307	1,715
Noninstructional services	300,886	-	-	-	-	-	1,149,860	-	-
Facilities acquisition and construction	-	-	246,596	-	-	-	-	-	-
Debt service	201,256	5,296,830	-	-	-	-	-	-	-
Nonprogrammed charges	158,281	-	-	-	-	-	-	-	1,766,251
Total disbursements	18,115,423	5,296,830	1,123,545	1,476,807	314,463	-	1,388,907	553,307	1,767,966
Excess (deficiency) of receipts over disbursements	1,125,922	221,836	(142,683)	(151,083)	89,081	-	(10,351)	(81,029)	(969,522)
Other financing sources (uses):									
Sale of capital assets	-	-	-	3,888	14,700	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	969,522
Transfers out	(969,522)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(969,522)	-	-	3,888	14,700	-	-	-	969,522
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	156,400	221,836	(142,683)	(147,195)	103,781	-	(10,351)	(81,029)	-
Cash and investments - ending	\$ 1,165,342	\$ 2,959,493	\$ 109,108	\$ 79,060	\$ 375,589	\$ 467,438	\$ 649,504	\$ 204,080	\$ -

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	Levy Excess	2016-17 Early Intervention Grant	2017 Lilly Counseling Grant	LES PTG Technology	FJSHS Lowe's Toolbox for Education Grant	FJSHS Kids in Need Grant	FJSHS Lowe's Grant	FJSHS Science Night Grant	FES PTG Technology
Cash and investments - beginning	\$ -	\$ 15,733	\$ 7,456	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ (6,655)
Receipts:									
Local sources	-	-	-	-	5,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	5,000	-	-	-	-
Disbursements:									
Instruction	-	15,751	7,153	-	3,602	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	15,751	7,153	-	3,602	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(15,751)	(7,153)	-	1,398	-	-	-	-
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	-	(15,751)	(7,153)	-	1,398	-	-	-	-
Cash and investments - ending	\$ -	\$ (18)	\$ 303	\$ -	\$ 1,398	\$ 500	\$ -	\$ -	\$ (6,655)

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	LMS South Madison Foundation Grant	LHS South Madison Foundation Grant	LES South Madison Foundation Grant	FJSHS McDonalds Grant	Autism Grant FJSHS	FES Library Grant	Kindergarten Camp Grant	FES Lowe's Grant	Community Hospital Healthcare Grant
Cash and investments - beginning	\$ 1,370	\$ 1,390	\$ (85)	\$ 15	\$ 277	\$ 8,000	\$ (6,815)	\$ 5,000	\$ 4,094
Receipts:									
Local sources	950	2,540	4,814	-	-	-	-	-	6,700
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	950	2,540	4,814	-	-	-	-	-	6,700
Disbursements:									
Instruction	-	-	3,682	-	254	7,389	4,837	429	1,940
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,682	-	254	7,389	4,837	429	1,940
Excess (deficiency) of receipts over disbursements	950	2,540	1,132	-	(254)	(7,389)	(4,837)	(429)	4,760
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	950	2,540	1,132	-	(254)	(7,389)	(4,837)	(429)	4,760
Cash and investments - ending	\$ 2,320	\$ 3,930	\$ 1,047	\$ 15	\$ 23	\$ 611	\$ (11,652)	\$ 4,571	\$ 8,854

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	STEM Teacher Grant	Active Teacher Grant	Elementary Library Gift	LMS Washington D.C. Trip	LES Bradford Woods Trip	FJSHS McDonalds Art Grant	FES Sara Smith Donation	FJSHS Chemistry Grant	LES We are Authors
Cash and investments - beginning	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	500	500	-	5,550	550	482	450	1,500	600
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	500	500	-	5,550	550	482	450	1,500	600
Disbursements:									
Instruction	500	500	-	5,550	550	389	-	1,225	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	500	500	-	5,550	550	389	-	1,225	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	93	450	275	600
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	-	-	-	-	-	93	450	275	600
Cash and investments - ending	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 93	\$ 450	\$ 275	\$ 600

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	FJSHS Doo Good Grant	FES On My Way Pre-K	Charley's Fund for Children	Child Care	All Day Kindergarten	Pre-School	ISTEP	Dickison Scholarship FJSHS	Copeland Reading Scholarship
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,513	\$ (5,930)	\$ 199,623	\$ 1,200	\$ 7,461	\$ 1,434
Receipts:									
Local sources	500	1,000	650	154,165	6,486	-	-	-	230
Intermediate sources	-	-	-	-	-	262,933	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	500	1,000	650	154,165	6,486	262,933	-	-	230
Disbursements:									
Instruction	494	-	350	-	-	3,298	-	-	300
Support services	-	-	-	-	-	-	375	-	-
Noninstructional services	-	-	-	124,715	-	144,108	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	494	-	350	124,715	-	147,406	375	-	300
Excess (deficiency) of receipts over disbursements	6	1,000	300	29,450	6,486	115,527	(375)	-	(70)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6	1,000	300	29,450	6,486	115,527	(375)	-	(70)
Cash and investments - ending	\$ 6	\$ 1,000	\$ 300	\$ 32,963	\$ 556	\$ 315,150	\$ 825	\$ 7,461	\$ 1,364

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	Cunningham Grant	2016-17 Cape Elementary Grant	LHS Teachers for Tomorrow	Construction Funds	Disaster Related Expenses	Pepsi	Tuition	Reimbursement
Cash and investments - beginning	\$ 1,936	\$ 1,070	\$ 9,250	\$ -	\$ 1,875	\$ 15,588	\$ 10,828	\$ (160,449)
Receipts:								
Local sources	-	-	-	-	-	-	-	358,211
Intermediate sources	-	-	-	-	-	5,311	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	5,311	-	358,211
Disbursements:								
Instruction	-	388	1,000	-	-	-	-	-
Support services	-	-	-	-	-	18,130	-	273,230
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	388	1,000	-	-	18,130	-	273,230
Excess (deficiency) of receipts over disbursements	-	(388)	(1,000)	-	-	(12,819)	-	84,981
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	-	(388)	(1,000)	-	-	(12,819)	-	84,981
Cash and investments - ending	\$ 1,936	\$ 682	\$ 8,250	\$ -	\$ 1,875	\$ 2,769	\$ 10,828	\$ (75,468)

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
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	Private School Account	LHS Library	LMS Faculty	FJSHS Library	LHS Scholarship	LES Library	FES Library	LMS Library	LHS River
Cash and investments - beginning	\$ (1,996)	\$ 1,624	\$ 48	\$ 3,440	\$ 1,250	\$ 649	\$ -	\$ 235	\$ 8,951
Receipts:									
Local sources	11,342	2,007	-	344	-	9,401	4	28	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	11,342	2,007	-	344	-	9,401	4	28	-
Disbursements:									
Instruction	28,042	-	-	-	-	-	-	-	448
Support services	-	1,994	-	-	-	7,629	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	28,042	1,994	-	-	-	7,629	-	-	448
Excess (deficiency) of receipts over disbursements	(16,700)	13	-	344	-	1,772	4	28	(448)
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	(16,700)	13	-	344	-	1,772	4	28	(448)
Cash and investments - ending	\$ (18,696)	\$ 1,637	\$ 48	\$ 3,784	\$ 1,250	\$ 2,421	\$ 4	\$ 263	\$ 8,503

FRANKTON-LAPEL 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

	Formative Assessment	2016-17 Formative Assessment Grant	2017-18 Formative Assessment Grant	2017-18 High Ability Grant	2016-17 High Ability Grant	2015-16 High Ability Grant	Damage/ Accidents/ Insurance	Special Ed. Coop. Grant/Cert
Cash and investments - beginning	\$ -	\$ (20,398)	\$ -	\$ -	\$ 10,191	\$ 931	\$ 650	\$ (37,148)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	850	120,792
State sources	-	-	36,655	37,043	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	36,655	37,043	-	-	850	120,792
Disbursements:								
Instruction	-	(20,398)	20,398	8,118	7,499	931	-	97,832
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	(20,398)	20,398	8,118	7,499	931	-	97,832
Excess (deficiency) of receipts over disbursements	-	20,398	16,257	28,925	(7,499)	(931)	850	22,960
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	-	20,398	16,257	28,925	(7,499)	(931)	850	22,960
Cash and investments - ending	\$ -	\$ -	\$ 16,257	\$ 28,925	\$ 2,692	\$ -	\$ 1,500	\$ (14,188)

FRANKTON-LAPEL 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

	Special Ed. Coop. Grant/N-Cert	Medicaid Reimbursement	2016-17 NESP	2017-18 NESP	State Connectivity Grant	Career and Technical Performance Grant	Performance Based Awards	Technology/ E-Rates
Cash and investments - beginning	\$ (26,406)	\$ -	\$ 2,784	\$ -	\$ 17,456	\$ 1,379	\$ -	\$ 9,312
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	37,350	-	-	-	-	-	-	-
State sources	-	34,778	-	4,750	11,010	4,501	90,390	31,568
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	460	-	-	-	-	-
Total receipts	<u>37,350</u>	<u>34,778</u>	<u>460</u>	<u>4,750</u>	<u>11,010</u>	<u>4,501</u>	<u>90,390</u>	<u>31,568</u>
Disbursements:								
Instruction	12,235	-	3,244	3,770	-	7,886	-	-
Support services	-	1,343	-	-	-	-	-	44,732
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,235</u>	<u>1,343</u>	<u>3,244</u>	<u>3,770</u>	<u>-</u>	<u>7,886</u>	<u>-</u>	<u>44,732</u>
Excess (deficiency) of receipts over disbursements	<u>25,115</u>	<u>33,435</u>	<u>(2,784)</u>	<u>980</u>	<u>11,010</u>	<u>(3,385)</u>	<u>90,390</u>	<u>(13,164)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>25,115</u>	<u>33,435</u>	<u>(2,784)</u>	<u>980</u>	<u>11,010</u>	<u>(3,385)</u>	<u>90,390</u>	<u>(13,164)</u>
Cash and investments - ending	\$ <u>(1,291)</u>	\$ <u>33,435</u>	\$ <u>-</u>	\$ <u>980</u>	\$ <u>28,466</u>	\$ <u>(2,006)</u>	\$ <u>90,390</u>	\$ <u>(3,852)</u>

FRANKTON-LAPEL 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

	GQE Remediation Grant	Testing/ Instructional Assistants	2012-13 Innovation Plan Grant	2015-17 Rural/ Low Income Grant	2015-16 Title I Grant	2016-17 Title I Grant	2017-18 Title I Grant	2014-15 Title II Part A Grant
Cash and investments - beginning	\$ 25,212	\$ 45	\$ 3,739	\$ (2,961)	\$ -	\$ (66,978)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	40	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	101,336	272,747	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	40	-	-	-	101,336	272,747	-
Disbursements:								
Instruction	-	-	-	-	-	12,137	222,582	-
Support services	-	-	-	-	-	21,779	76,216	-
Noninstructional services	-	-	-	-	-	572	1,711	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	34,488	300,509	-
Excess (deficiency) of receipts over disbursements	-	40	-	-	-	66,848	(27,762)	-
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	-	40	-	-	-	66,848	(27,762)	-
Cash and investments - ending	\$ 25,212	\$ 85	\$ 3,739	\$ (2,961)	\$ -	\$ (130)	\$ (27,762)	\$ -

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

	2015-16 Title II Part A Grant	2016-17 Title II Part A Grant	2017-18 Title II Part A Grant	Miscellaneous Clearing	Pre-paid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (10,529)	\$ -	\$ 5,237	\$ (67,140)	\$ 33	\$ 5,886,644
Receipts:							
Local sources	-	-	-	-	-	-	10,685,044
Intermediate sources	-	-	-	-	-	-	427,374
State sources	-	-	-	-	-	-	19,386,860
Federal sources	-	26,560	41,837	-	-	-	1,233,654
Other receipts	-	-	-	172	(14,994)	2,278,337	2,345,417
Total receipts	-	26,560	41,837	172	(14,994)	2,278,337	34,078,349
Disbursements:							
Instruction	-	16,031	46,467	-	-	-	12,739,145
Support services	-	-	-	-	-	-	9,150,374
Noninstructional services	-	-	-	-	-	-	1,721,852
Facilities acquisition and construction	-	-	-	-	-	-	246,596
Debt service	-	-	-	-	-	-	5,498,086
Nonprogrammed charges	-	-	-	229	-	2,260,287	4,185,048
Total disbursements	-	16,031	46,467	229	-	2,260,287	33,541,101
Excess (deficiency) of receipts over disbursements	-	10,529	(4,630)	(57)	(14,994)	18,050	537,248
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	18,588
Transfers in	-	-	-	-	-	-	969,522
Transfers out	-	-	-	-	-	-	(969,522)
Total other financing sources (uses)	-	-	-	-	-	-	18,588
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	10,529	(4,630)	(57)	(14,994)	18,050	555,836
Cash and investments - ending	\$ -	\$ -	\$ (4,630)	\$ 5,180	\$ (82,134)	\$ 18,083	\$ 6,442,480

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
De Lage Landen Public Finance	Frankton Electrical System	\$ 29,509	09/26/14	06/26/19
First Internet Bank of Indiana	Solar Paneling Project	268,000	07/01/18	07/01/37
Frankton-Lapel South High School Building Corporation	New Lapel High School	3,025,000	06/30/06	12/31/25
Frankton-Lapel North Elementary School Building Corporation	New Frankton Elementary School	1,886,000	07/15/99	12/31/22
Frankton-Lapel High School Building Corporation	Qualified Construction Bonds	<u>304,000</u>	12/31/11	12/31/19
Total governmental activities		<u>5,512,509</u>		
Total of annual lease payments		<u>\$ 5,512,509</u>		

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Infrastructure	\$ 3,106,430
Land and Buildings	107,581,340
Machinery, equipment, and vehicles	10,205,356
Books and other	<u>2,060,900</u>
Total governmental activities	<u>122,954,026</u>
Total capital assets	<u><u>\$ 122,954,026</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 FRANKTON-LAPEL COMMUNITY
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in item 2018-007 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Level of Effort-Maintenance of Effort. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

Qualified Opinion on Special Education Cluster (IDEA)

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

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2016 to June 30, 2018.

Other Matters

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

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

Report on Internal Control over Compliance

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


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

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

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

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

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


Paul D. Joyce, CPA
State Examiner

April 18, 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.

FRANKTON-LAPEL 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			2016-2017	\$ -	\$ 96,493	\$ -	\$ -
School Breakfast			2017-2018	-	-	-	102,167
Total - School Breakfast Program				-	96,493	-	102,167
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			2016-2017	-	563,272	-	-
School Lunch			2017-2018	-	-	-	596,181
School Lunch - Commodities			2016-2017	-	119,937	-	-
School Lunch - Commodities			2017-2018	-	-	-	123,301
Total - National School Lunch Program				-	683,209	-	719,482
Total - Child Nutrition Cluster				-	779,702	-	821,649
Total - Department of Agriculture				-	779,702	-	821,649
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Idea Part B			14215-025-PN01	-	32,254	-	-
Idea Part B			14216-025-PN01	-	124,067	-	84,037
Idea Part B			14217-025-PN01	-	450,138	-	158,752
Idea Part B			18611-023-PN01	-	-	-	428,461
Total - Special Education Grants to States				-	606,459	-	671,250
Special Education Preschool Grants	Indiana Department of Education	84.173					
Preschool Grant FY 16			45716-023-PN01	-	1,636	-	-
Preschool Grant FY 17			45717-023-PN01	-	14,422	-	920
Preschool Grant FY 18			18619-023-PN01	-	-	-	10,973
Total - Special Education Preschool Grants				-	16,058	-	11,893
Total - Special Education Cluster (IDEA)				-	622,517	-	683,143

FRANKTON-LAPEL 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					
Title I			16-5245	-	44,124	-	-
Title I			17-5245	-	246,637	-	101,336
Title I			18-5245	-	-	-	272,747
Total - Title I Grants to Local Educational Agencies				-	290,761	-	374,083
Rural Education	Indiana Department of Education	84.358					
Title VI, Part B, Subpart 2			FY2015	-	42,503	-	-
Total - Rural Education				-	42,503	-	-
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			51117-146	-	5,458	-	-
Title III			51118-151	-	-	-	4,750
Total - English Language Acquisition State Grants				-	5,458	-	4,750
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			15-5245	-	12,361	-	-
Title II			16-5245	-	28,954	-	26,560
Title II			17-5245	-	-	-	41,837
Total - Supporting Effective Instruction State Grants				-	41,315	-	68,397
Total - Department of Education				-	1,002,554	-	1,130,373
Total federal awards expended				\$ -	\$ 1,782,256	\$ -	\$ 1,952,022

FRANKTON-LAPEL 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 the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Qualified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

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

Condition

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. The Treasurer prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

Context

The SEFA contained the following errors:

1. The Title I Grants to Local Educational Agencies expenditures were understated by \$44,124 for the period ending June 30, 2017.
2. The Title II Part A Improving Teacher Quality Grants expenditures were understated by \$12,361 for the period ending June 30, 2017.
3. The Rural and Low-Income Schools Grant expenditures were understated by \$42,503 for the period ending June 30, 2017.

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

Criteria

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

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

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

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

Cause

Management had not established a system of internal controls that would have ensured proper reporting of the SEFA.

Effect

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

Recommendation

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

FRANKTON-LAPEL 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 2018-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

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

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash and investments and receipts.

1. Cash and Investments: Monthly reconcilements were adequately detailed and summarized, but were prepared by one individual without a proper system of oversight, review, or approval.
2. Receipts: One individual prepares the deposit slip for all receipts and compares the total on the deposit slip to the corresponding receipt edit. There was no evidence of a proper oversight, review, or approval process.

Context

The lack of controls was a systemic issue, which occurred 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. . . .

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Cause

Management had not established a proper system of internal controls that segregated key functions related to cash and investments and receipts.

Effect

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

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, over financial transactions and reporting related to cash and investments and receipts.

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 2018-003

Subject: Child Nutrition Cluster - Equipment and Real Property Management
and Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): 2016-2017, 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Equipment and Real Property Management, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Equipment and Real Property Management. The prior audit finding number was 2016-008.

FRANKTON-LAPEL 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 Equipment and Real Property Management and Allowable Costs/Cost Principles compliance requirements.

The School Corporation did not have adequate policies and procedures to ensure compliance with the requirements that it maintain records of equipment purchased in whole or in part with federal funds, that it perform a physical inventory of equipment, and that it obtain approval from the Indiana Department of Education (IDOE) for equipment costing \$5,000 or more.

The School Corporation did not comply with equipment requirements. A list of equipment acquired with federal awards was not maintained, nor was physical inventory of equipment acquired with federal awards performed during the audit period.

Additionally, the School Corporation purchased equipment with a value of more than \$5,000 without obtaining approval for the IDOE. The IDOE National School Lunch Program Procurement Policy requires that any equipment purchases made with Child Nutrition funds exceeding \$5,000 be approved by the IDOE prior to purchase.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.313(d) states in part:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

2 CFR 200.33 states in part:

"*Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. . . ."

2 CFR 200.439(b) states in part:

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

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

2 CFR 200.313(a) states in part:

"*Title*. Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions: . . .

- (2) Not encumber the property without approval of the Federal awarding agency or pass-through entity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Equipment and Real Property Management and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Equipment and Real Property Management and Allowable Costs/Cost Principles compliance requirements.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Equipment and Real Property Management and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

FINDING 2018-004

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 Numbers and Years (or Other Identifying Numbers): 2016-2017, 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-009.

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.

The School Corporation had not established effective controls to ensure compliance with procurement requirements. The School Corporation did not obtain or retain quotes or price comparisons from more than one vendor or have documentation to support the rationale regarding the reasons competition was limited.

The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs. The School Corporation did not comply with the suspension and debarment requirements. The School Corporation could not provide documentation of their verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

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

FRANKTON-LAPEL 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 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. . . ."

(i) 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 200.319 states in part:

"(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. . . ."

(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. . . ."

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking 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 a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in 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 controls to ensure compliance with 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, which is part of this report.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-005

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): 2016-2017, 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. Effective controls were not in place to ensure that only employees who performed functions related to the Child Nutrition Cluster were paid from program funds.

The School Corporation paid some administrative employees' wages from the Child Nutrition Cluster funds based on fixed percentages rather than actual time spent on the program. Time and effort documentation was prepared starting September 2016; however, some administrative personnel selected for testing did not have time and effort documentation to support time worked on and charged to the Child Nutrition Cluster program.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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:

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

FRANKTON-LAPEL 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 2018-006

Subject: Child Nutrition Cluster - Internal Controls over Cash Management

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): 2016-2017, 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-006.

Condition

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

The School Corporation did not have controls in place to monitor cash balances to ensure they were meeting the program requirements. The School Corporation relied on the Indiana Department of Education to contact them to submit spend down plans in response to their excessive balances.

Context

This 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). . . ."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a 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 Cash Management compliance requirement.

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 Cash Management compliance requirement.

Views of Responsible Officials

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

FINDING 2018-007

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-025-PN01, 14216-025-PN01,
14217-025-PN01, 18611-023-PN01,
45716-023-PN01, 45717-023-PN01
18619-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-015.

Condition

The School Corporation had not established an effective internal control system related to the Matching, Level of Effort, Earmarking compliance requirement.

Documentation supporting fiscal years 2016-2017 and 2017-2018 maintenance of effort (MOE) calculations were not provided. In addition, no supporting documentation for detail line items for 2016-2017 and 2017-2018 MOE calculations were available for audit. Therefore, we were unable to determine if MOE calculations were correct.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls and noncompliance were systemic issues, which occurred for both years of 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 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.302 states in part:

"(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

(b) 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. . . ."

34 CFR 76.702 states: "A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds."

FRANKTON-LAPEL 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 Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Matching, Level of Effort, Earmarking 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 2018-008

Subject: Special Education Cluster (IDEA) - Period of Performance
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Number (or Other Identifying Number): 18611-023-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Period of Performance
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a participating member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative) during fiscal year 2017-2018. The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative.

During 2017-2018, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the period of performance requirements. An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Education grants have a period of performance that requires costs not be incurred prior to the July 1 start of the grant award. For grant 18611-023-PN01, obligations for transactions recorded near the beginning of the grant award were found to have been incurred prior to the start of the period of performance for three of seven claims examined.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The noncompliance was isolated to the 18611-023-PN01 award in 2017-2018.

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 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Period of Performance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Period of Performance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Period of Performance requirement.

Views of Responsible Officials

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

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-009

Subject: Special Education Cluster (IDEA) - Procurement

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 (or Other Identifying Numbers): 14216-025-PN01, 14217-025-PN01,
18611-023-PN01, 45717-023-PN01,
18619-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a participating member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative) during fiscal year 2017-2018. The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative.

During 2017-2018, the fiscal agent of the Cooperative spent federal money on behalf of the School Corporation and other member school corporations and was responsible for following the procurement requirements. An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the procurement requirements.

The written procurement policies and procedures of the fiscal agent did not comply with the procurement requirements outlined in the *Criteria* below. The written policies did not specify the avoidance of unnecessary or duplicative items or that all solicitations should incorporate a description of the technical requirements of the procurement. The fiscal agent also had a policy to use local or geographical preferences in the evaluation of bids or proposals. Additionally, no documentation was made available for audit to verify that price or rate quotations were obtained from an adequate number of qualified sources or that the procurements provided full and open competition.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . .

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. . . .

(i) 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 200.319 states in part:

"(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. . . .

(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. . . .

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. . . ."

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."

FRANKTON-LAPEL COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in 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 controls to ensure compliance with 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.

AUDITEE-PREPARED DOCUMENTS

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

Frankton, Lapel Community Schools

Robert A. Fields
Superintendent

Sterling Boles
Assistant Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, implementation of new controls over the SEFA did not occur during the audit period.

During the current fiscal year, plans to implement controls are already in place. The Treasurer will compile and submit the SEFA while the Superintendent reviews the compiled information.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, documentation of controls over the cash and investments, receipts, and adjusting entries did not occur during the audit period.

Beginning in November 2018 new controls have been put into place over cash and investments and receipts. Currently plans are in place to implement controls over adjusting entries.

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, documentation of controls over program income, verification collection report, and oversight of posting of school lunch receipts did not occur during the audit period.

Beginning in the November 2018, the School Lunch Director has been informed that oversight over program income, verification collection report. These reports previously were reviewed by the superintendent, however the review was not documented. Plans of monthly oversight of school lunch receipts is estimated to occur in April of 2019.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Beginning in the audit period supporting documentation to administrative, treasurer, and maintenance salaries/wages has been maintained. Each employee has a separate percentage of their salary paid based on the time spent in regards to the Child Nutrition Cluster. Salaries paid from the school lunch program are set to be reviewed annually.

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

During the 2016/2017 school year, review of eligibility applications occurred but were not documented. Beginning in the 2017/2018 school year, review was documented for eligibility.

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

During the current audit period information was kept regarding the three months average of the school lunch fund balance, however the Corporation did not comply with the cash balance requirement. However, Frankton-Lapel Community Schools has a spend-down plan in place that has been accepted by IDOE.

FINDING 2016-007

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

During the audit period, reports were prepared by the School Lunch Director reviewed and signed by the Superintendent.

FINDING 2016-008

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Beginning in 2018/2019 school year the School Lunch Director obtained approval for equipment purchases over \$ 5,000.00 from Indiana Department of Education.

Also beginning in 2018/2019 school year an equipment log was also kept for purchases from the 0800 fund over the capital asset threshold. Frankton-Lapel Community Schools has also updated their capital asset policy with a current threshold of \$5,000.

FINDING 2016-009

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Procurement

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, creation of a new procurement policy did not occur. Frankton-Lapel Community School has started the process of creating a new policy starting March 2019.

Suspension and Debarment

Our third-party purchasing service was able to provide suspension and debarment information on their contracted vendors for all school years in the current audit period.

Suspension and debarment for corporation vendors did not occur until 2018/2019 school year.

FINDING 2016-010

Fiscal year in which the finding initially occurred: 2014/2015

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

Contact Person Responsible for Corrective Action: Candace McDonald

Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, implementation of new controls over eligibility, comparability, and highly qualified teachers and paraprofessionals could not have occurred.

Discussion of how to implement controls has occurred, actual implementation is expected to happen by June 2019.

FINDING 2016-011

Fiscal year in which the finding initially occurred: 2014/2015

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

Contact Person Responsible for Corrective Action: Candace McDonald

Contact Phone Number: 765-734-1261

Status of Audit Finding:

Mobility reporting has controls in place to ensure that the appropriate documentation is retained for audit.

FINDING 2016-012

Fiscal year in which the finding initially occurred: 2014/2015

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

Contact Person Responsible for Corrective Action: Candace McDonald

Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, implementation of new internal controls over allowable costs/cost principles, cash management, and reporting did not occur.

Beginning in school year 2018/2019 controls have been implemented over allowable costs, cash management, and reporting. Reviews are consistently done for each requirement.

FINDING 2016-013

Fiscal year in which the finding initially occurred: 2014/2015

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

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, implementation of new internal controls over the assessment system security special test and provision did not occur.

Discussion has occurred regarding controls over the assessment system security special test, however have not been implemented. Our goal is to implement controls by the end of the 2018/2019 school year.

FINDING 2016-014

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, implementation of new controls over reimbursement requests did not occur.

Beginning in November 2019, reimbursement requests are prepared by one employee and reviewed/submitted by another.

FINDING 2016-015

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, implementation of new controls over matching, level of effort, and earmarking did not occur. Beginning in early 2019 controls over matching, LOE, and earmarking have begun.

Detail to MOE was unable to be located for the entire audit period. Beginning 2018/2019 school year, Frankton-Lapel Community Schools has a new Treasurer and information will be retained to present for the next audit.

FINDING 2016-016

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

Due to the timing of the previous audit of school years 14/15 and 15/16 ending in the August of 2018 and the current audit of school years 16/17 and 17/18 beginning in February of 2019, implementation of new controls over reporting did not occur.

New Corporation Treasurer has had conversations with the Title Director. Beginning in 2019, compilation of reports will be done by the Treasurer and reviewed by the Title Director, or vice versa.

FINDING 2016-017

Fiscal year in which the finding initially occurred: 2014-2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

This finding originated directly from the Hamilton Boone Madison Special Services Cooperative (HBM). During the audit period no meetings with HBM occurred.

A meeting is currently scheduled with HBM to discuss solutions and ways to implement controls.

FINDING 2016-018

Fiscal year in which the finding initially occurred: 2014-2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

This finding originated directly from the Hamilton Boone Madison Special Services Cooperative (HBM). During the audit period no meetings with HBM occurred.

A meeting is currently scheduled with HBM to discuss solutions and ways to implement controls.

FINDING 2016-019

Fiscal year in which the finding initially occurred: 2014/2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Status of Audit Finding:

This finding originated directly from the Hamilton Boone Madison Special Services Cooperative (HBM). During the audit period no meetings with HBM occurred.

A meeting is currently scheduled with HBM to discuss solutions and ways to implement controls.

FINDING 2016-020

Fiscal year in which the finding initially occurred: 2014-2015

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

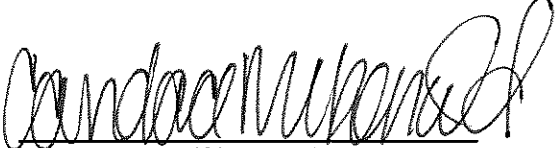
Contact Person Responsible for Corrective Action: Candace McDonald

Contact Phone Number: 765-734-1261

Status of Audit Finding:

This finding originated directly from the Hamilton Boone Madison Special Services Cooperative (HBM). During the audit period no meetings with HBM occurred.

A meeting is currently scheduled with HBM to discuss solutions and ways to implement controls.



(Signature)

Corporation Treasurer

(Title)

4/9/2019

(Date)

Frankton-Lapel Community Schools

Robert A. Fields
Superintendent

Sterling Boles
Assistant Superintendent

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges inaccuracies when preparing and submitting federal expenditures for the audit period, as submitted through gateway.

Description of Corrective Action Plan:

The cause of underreporting is mainly attributed to the fact that the new Treasurer was unaware of the Rural and Low-Income Grant, and therefore did not report the funds as federal dollars. Regarding Title I & II funds, an oversight occurred.

A new system of internal control is already set in place. Going forward, the Treasurer will compile the federal expenditure information. Before submission a thorough review will be done by the Superintendent.

Anticipated Completion Date:

All details listed above have been implemented and will be applied during the next submission into gateway.

FINDING 2018-002

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges the lack of internal control over cash and investments and receipts.

Description of Corrective Action Plan:

A new system of internal control is already set in place. The Treasurer prepares and presents bank reconciliation information to the Board on a monthly basis. The Superintendent also receives a copy of the reconciliation monthly and signs off for review.

Internal controls over receipting has been implemented. A monthly report is received by the Superintendent who reviews and signs the report.

Anticipated Completion Date:

All details listed above have been implemented.

FINDING 2018-003

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges inconsistencies with internal controls over equipment approvals within the school lunch program. We also acknowledge noncompliance with the equipment requirement.

Description of Corrective Action Plan:

The cause of the error resulted from the lack of knowledge of the compliance requirement. The new Treasurer is well aware of the School Lunch federal compliance requirements and will oversee that the requirements are met in a timely manner.

During the current period our School Lunch Director has applied for approval from IDOE on all equipment purchases over \$5,000.00. Beginning in 2018 / 2019 school year, a log of all equipment purchased with federal funds is kept and updated when necessary.

Anticipated Completion Date:

All details listed above have already been implemented.

FINDING 2018-004

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges inaccuracies with internal controls over procurement and suspension and debarment. We acknowledge that during the audit period suspension and debarment was inconsistent. We also acknowledge that all information regarding small purchases that quotes/price comparisons were completed however, not retained.

Description of Corrective Action Plan:

During the audit period, vendors were verified to not be suspended or debarred however, documentation of that action was not completed. Beginning in December 2018, the School Lunch Director now dates and initials that verification from the SAMs website was completed. The Treasurer meets with the School Lunch Director monthly to ensure this is completed.

Our purchasing policy will be updated to include procedures for small purchases. Documentation will be retained to ensure rationale on reasoning for choosing a particular vendor.

Anticipated Completion Date:

All details listed above will be fulfilled by August 1, 2019.

FINDING 2018-005

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges the noncompliance with allowable costs and allowable activities in regards to the School Lunch Program.

Description of Corrective Action Plan:

Prior to the new Treasurer arriving, calculations for administrative employee hours spent were completed. Time and Effort reports for these employees will be filed beginning in the month of June. By doing so we will ensure compliance with allowable activities and allowable costs.

Anticipated Completion Date:

June 30, 2019

FINDING 2018-006

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges inaccuracies regarding internal controls over school lunch cash balances. We also acknowledge inconsistencies with internal control over this requirement.

Description of Corrective Action Plan:

Beginning in December 2018, a spread sheet is kept to monitor closely the balances of the school lunch fund. Currently a plan to spend down the fund is in place to rectify the issue.

A meeting between the School Lunch Director and Corporation Treasurer has been scheduled in June of 2019. The purpose of this meeting is to discuss how to responsibly spend the School Lunch Fund in order to remain under the average of three months expenditures.

Anticipated Completion Date:

A completion date to compile a spend down plan is set for June of 2019.

FINDING 2018-007

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges inaccuracies when reporting MOE information.

Description of Corrective Action Plan:

The new Treasurer has appropriate knowledge of the Special Education MOE calculation. Going forward all documentation will be retained for audit.

A new system of internal control is already set in place. Going forward, the Treasurer will compile the MOE information. Before submission a thorough review will be done by the Superintendent.

Anticipated Completion Date:

All details listed above will be applied during the next MOE calculation.

FINDING 2018-008

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges the error made on our behalf by Hamilton-Boone-Madison Special Services Cooperative (HBM) regarding period of performance.

Description of Corrective Action Plan:

The Corporation Treasurer held a meeting with the Director of Hamilton-Boone-Madison Special Services Cooperative on March 28, 2019 and was reassured that this will not occur again.

The Treasurer will have regular contact with the staff of HBM to follow up and ensure changes are implemented.

Anticipated Completion Date:

Follow up from Frankton-Lapel Community Schools was completed March 28, 2019.

FINDING 2018-009

Contact Person Responsible for Corrective Action: Candace McDonald
Contact Phone Number: 765-734-1261

Frankton-Lapel Community Schools acknowledges the error made on our behalf by Hamilton-Boone-Madison Special Services Cooperative (HBM) regarding procurement.

Description of Corrective Action Plan:

The Corporation Treasurer held a meeting with the Director of Hamilton-Boone-Madison Special Services Cooperative on March 28, 2019 and was reassured that this will not occur again.

The Treasurer will have regular contact with the staff of HBM to follow up and ensure changes are implemented.

Anticipated Completion Date:

Follow up from Frankton-Lapel Community Schools was completed March 28, 2019.

Candace Muhammad
(Signature)

Corporation Treasurer
(Title)

April 18, 2019
(Date)

OTHER REPORTS

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