

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

JAY COUNTY SCHOOL CORPORATION
JAY COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
05/23/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Treasurer	Bradley T. DeRome	07-01-16 to 08-08-16
	Violet Current (interim)	08-09-16 to 10-30-16
	Bradley T. DeRome	10-31-16 to 01-08-19
	Violet Current (interim)	01-09-19 to 03-03-19
	Tarina Morris	03-04-19 to 06-30-19
Superintendent of Schools	Dr. Timothy D. Long	07-01-16 to 08-08-16
	Bradley T. DeRome (interim)	08-09-16 to 10-30-16
	Jeremy Gulley	10-31-16 to 06-30-19
President of the School Board	Kristi Betts	01-01-16 to 12-31-17
	Phil Ford	01-01-18 to 12-31-19



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE JAY COUNTY SCHOOL CORPORATION, JAY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Jay County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 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

May 1, 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 JAY COUNTY SCHOOL CORPORATION, JAY 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 Jay County 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 May 1, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

May 1, 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.

JAY COUNTY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments			Other Financing		Cash and Investments			Other Financing		Cash and Investments	
	07-01-16	Receipts	Disbursements	Sources (Uses)	06-30-17	Receipts	Disbursements	Sources (Uses)	06-30-18			
General	\$ 1,026,766	\$ 24,315,797	\$ 24,681,601	\$ 123,828	\$ 784,790	\$ 23,875,646	\$ 23,523,243	\$ 1,335,536	\$ 2,472,729			
Debt Service	2,121,172	3,895,389	3,597,423	(168,934)	2,250,204	3,936,262	3,665,942	(177,486)	2,343,038			
Retirement/Severance Bond Debt Service	542,074	892,148	891,415	-	542,807	897,030	893,622	-	546,215			
Capital Projects	1,454,049	4,225,722	4,417,095	-	1,262,676	4,369,031	4,275,982	(120,563)	1,235,162			
School Transportation	338,206	2,473,533	2,392,646	-	419,093	2,627,490	2,272,415	(279,437)	494,731			
School Bus Replacement	14,046	8,299	-	-	22,345	15,978	-	-	38,323			
Rainy Day	70,782	-	-	-	70,782	-	-	400,000	470,782			
School Lunch	123,843	1,574,844	1,720,240	-	(21,553)	1,756,780	1,554,034	-	181,193			
Textbook Rental	448,514	314,693	365,460	168,934	566,681	293,000	353,234	177,486	683,933			
Educational License Plates	133	188	-	(180)	141	131	-	-	272			
SAFE School Haven	-	-	-	-	-	40,948	40,948	-	-			
Early Intervention Grant	-	16,811	-	-	16,811	-	16,811	-	-			
Early Intervention FY 2013-14	17,533	-	17,176	-	357	-	-	-	357			
15/16 Early Intervention	53,931	-	52,554	-	1,377	-	-	-	1,377			
2017 Lilly Counseling Initiative	-	29,980	14,045	-	15,935	-	8,787	-	7,148			
Instructional Support	12,064	36,365	2,423	(40,000)	6,006	46,602	2,043	(50,565)	-			
Elementary Donation	(19,690)	51,437	31,450	-	297	36,980	(73)	7,830	45,180			
JC Robotics	1,808	9,216	11,024	-	-	-	-	-	-			
JC Promise 529	24,378	-	24,378	-	-	-	-	-	-			
Manufacturing Day	-	5,757	1,079	-	4,678	-	-	-	4,678			
Charity Gaming	(50)	3,796	3,746	-	-	3,906	3,906	-	-			
Criminal Background Checks	793	-	193	-	600	-	66	-	534			
Formative Assessment	5,195	-	5,195	-	-	39,243	36,229	-	3,014			
Special Education Excess Costs	-	3,870	3,870	-	-	-	-	-	-			
15/16 GT Grant	17,201	-	17,201	-	-	-	-	-	-			
16/17 GT	-	39,103	39,103	-	-	-	-	-	-			
VIE Greenhouse	64	200	-	-	264	-	264	-	-			
Instruction Support	5,435	8,841	7,758	-	6,518	7,772	14,290	-	-			
Vocational Home Economics	1	-	-	-	1	-	1	-	-			
2016 Common School Loan	(39,950)	295,000	255,050	-	-	-	-	-	-			
17-18 Common School Loan	-	-	-	-	-	243,822	326,605	-	(82,783)			
Adult and Continuing Education	2,151	-	-	-	2,151	-	-	-	2,151			
15/16 Adult Basic Ed State	(2,681)	2,681	-	-	-	-	-	-	-			
16/17 ABE State	-	43,805	44,586	-	(781)	781	-	-	-			
17/18 State ABE	-	-	-	-	-	44,727	44,727	-	-			
ECA Coca-Cola	3,710	8,467	10,661	-	1,516	7,712	8,031	-	1,197			
Non-English Speaking Programs	-	-	-	-	-	22,750	21,748	-	1,002			
15-16 NESP Grant	744	-	744	-	-	-	-	-	-			

JAY COUNTY 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
16-17 NESP Grant	-	21,834	18,062	-	3,772	-	3,772	-	-
School Technology	28,991	40,226	50,740	-	18,477	25,114	31,359	-	12,232
Career and Technical Performance Grant	-	43,081	42,045	-	1,036	51,045	28,253	-	23,828
Workforce Partnership Grant	-	47,000	47,053	-	(53)	53	-	-	-
16/17 Title I Grant	-	602,701	623,489	-	(20,788)	300,936	280,148	-	-
17/18 Title I Grant	-	-	-	-	-	751,815	799,255	-	(47,440)
15/16 Title I Grant	(24,009)	172,739	148,730	-	-	-	-	-	-
2017 Part B 611 - 105-17	-	696,008	738,011	-	(42,003)	161,983	119,980	-	-
2017/18 105-17 Special Ed	-	-	-	-	-	662,304	714,060	-	(51,756)
15/16 105-17 Grant	(13,773)	29,498	15,725	-	-	-	-	-	-
15/16 105-17 Part B Grant	(33,059)	113,773	80,714	-	-	-	-	-	-
Preschool Handicap	-	-	-	-	-	32,022	41,225	-	(9,203)
15/16 Preschool Handicap	(9,970)	15,697	5,727	-	-	-	-	-	-
Part B 619 - Preschool	-	29,423	36,118	-	(6,695)	11,862	5,167	-	-
15/16 Federal ABE	(10,268)	13,687	3,419	-	-	-	-	-	-
16/17 ABE Federal	-	15,539	24,034	-	(8,495)	8,495	-	-	-
17/18 Federal ABE	-	-	-	-	-	22,880	24,362	-	(1,482)
16/17 Perkins	-	36,955	36,955	-	-	-	-	-	-
17/18 Area 18 Perkins Grant	-	-	-	-	-	35,472	35,472	-	-
21st Century Learning Center	6,563	3,429	5,022	-	4,970	3,700	4,512	-	4,158
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	30,602	72,749	-	(42,147)
Title II Part A Improve Teach	(20,670)	117,044	92,955	(4,507)	(1,088)	3,507	2,419	-	-
FY 16 Title II Part A	-	-	52,841	-	(52,841)	139,790	90,182	-	(3,233)
FY 14 Rural and Low Income Grn	(895)	38,750	38,099	-	(244)	-	(244)	-	-
FY 15 Rural and Low Income	(25,891)	30,207	4,316	-	-	25,255	25,255	-	-
FY 16 Rural and Low Income	-	39,735	40,004	-	(269)	21,066	26,598	-	(5,801)
FY 17 Rural and Low Income	-	-	-	-	-	5,576	10,269	-	(4,693)
Title III ESL Grant	(105)	19,181	19,076	-	-	-	-	-	-
16/17 Title III	-	18,209	18,209	-	-	11,143	11,143	-	-
17/18 Title III	-	-	-	-	-	5,819	14,465	-	(8,646)
Prepaid Food/Trust Account	(12,966)	529,079	546,424	-	(30,311)	529,686	535,417	-	(36,042)
Insurance Premium Holding Account	41,211	133,125	150,941	-	23,395	248,885	249,336	-	22,944
Payroll Withholding Clearing	135,818	6,497,129	6,487,600	-	145,347	6,402,370	6,222,736	-	324,981
Totals	\$ 6,283,199	\$ 47,559,991	\$ 47,934,425	\$ 79,141	\$ 5,987,906	\$ 47,757,971	\$ 46,410,745	\$ 1,292,801	\$ 8,627,933

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

JAY COUNTY 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.

JAY COUNTY 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.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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:

JAY COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

JAY COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

JAY COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Disbursements

The financial statement contains some disbursements which appear as negative entries. This is a result of correcting entries.

JAY COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants that have made expenditures, but have not yet been reimbursed from the grant. Others are a result of disbursing more funds than what were received.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with the Building Corporation of Jay Schools (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2016-2017 and 2017-2018 totaled \$3,359,000 and \$3,391,000, respectively.

Note 10. Subsequent Event

The Judge Haynes Elementary School was closed at the end of fiscal year 2017-2018.

Note 11. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: full-time and part-time support staff with a minimum of 15 consecutive years with the School Corporation and is at least 55 years of age may continue in the group medical insurance program until Medicare eligible. The School Corporation will pay a portion annually toward the cost of a health insurance single or family plan. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,026,766	\$ 2,121,172	\$ 542,074	\$ 1,454,049	\$ 338,206	\$ 14,046	\$ 70,782	\$ 123,843	\$ 448,514
Receipts:									
Local sources	379,979	3,895,389	892,148	2,925,722	2,473,533	8,299	-	593,861	166,879
Intermediate sources	913	-	-	-	-	-	-	-	-
State sources	23,898,162	-	-	-	-	-	-	12,175	147,814
Federal sources	36,743	-	-	-	-	-	-	965,877	-
Temporary loans	-	-	-	1,300,000	-	-	-	-	-
Other	-	-	-	-	-	-	-	2,931	-
Total receipts	24,315,797	3,895,389	892,148	4,225,722	2,473,533	8,299	-	1,574,844	314,693
Disbursements:									
Instruction	16,956,368	-	-	-	-	-	-	-	-
Support services	7,176,098	-	-	2,091,036	2,383,301	-	-	-	365,460
Noninstructional services	531,710	-	-	-	-	-	-	1,720,240	-
Facilities acquisition and construction	-	-	-	998,280	9,345	-	-	-	-
Debt service	17,425	3,597,423	891,415	1,327,779	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	24,681,601	3,597,423	891,415	4,417,095	2,392,646	-	-	1,720,240	365,460
Excess (deficiency) of receipts over disbursements	(365,804)	297,966	733	(191,373)	80,887	8,299	-	(145,396)	(50,767)
Other financing sources (uses):									
Sale of capital assets	79,141	-	-	-	-	-	-	-	-
Transfers in	44,687	-	-	-	-	-	-	-	168,934
Transfers out	-	(168,934)	-	-	-	-	-	-	-
Total other financing sources (uses)	123,828	(168,934)	-	-	-	-	-	-	168,934
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(241,976)	129,032	733	(191,373)	80,887	8,299	-	(145,396)	118,167
Cash and investments - ending	\$ 784,790	\$ 2,250,204	\$ 542,807	\$ 1,262,676	\$ 419,093	\$ 22,345	\$ 70,782	\$ (21,553)	\$ 566,681

JAY COUNTY 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

	Educational License Plates	SAFE School Haven	Early Intervention Grant	Early Intervention FY 2013-14	15/16 Early Intervention	2017 Lilly Counseling Initiative	Instructional Support	Elementary Donation	JC Robotics
Cash and investments - beginning	\$ 133	\$ -	\$ -	\$ 17,533	\$ 53,931	\$ -	\$ 12,064	\$ (19,690)	\$ 1,808
Receipts:									
Local sources	-	-	-	-	-	29,980	36,365	51,437	9,216
Intermediate sources	188	-	-	-	-	-	-	-	-
State sources	-	-	16,811	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	188	-	16,811	-	-	29,980	36,365	51,437	9,216
Disbursements:									
Instruction	-	-	-	17,000	-	-	2,423	28,532	11,024
Support services	-	-	-	176	52,554	14,045	-	2,918	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	17,176	52,554	14,045	2,423	31,450	11,024
Excess (deficiency) of receipts over disbursements	188	-	16,811	(17,176)	(52,554)	15,935	33,942	19,987	(1,808)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(180)	-	-	-	-	-	(40,000)	-	-
Total other financing sources (uses)	(180)	-	-	-	-	-	(40,000)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8	-	16,811	(17,176)	(52,554)	15,935	(6,058)	19,987	(1,808)
Cash and investments - ending	\$ 141	\$ -	\$ 16,811	\$ 357	\$ 1,377	\$ 15,935	\$ 6,006	\$ 297	\$ -

JAY COUNTY 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

	JC Promise 529	Manufacturing Day	Charity Gaming	Criminal Background Checks	Formative Assessment	Special Education Excess Costs	15/16 GT Grant	16/17 GT	VIE Greenhouse
Cash and investments - beginning	\$ 24,378	\$ -	\$ (50)	\$ 793	\$ 5,195	\$ -	\$ 17,201	\$ -	\$ 64
Receipts:									
Local sources	-	5,757	3,796	-	-	-	-	-	200
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	39,103	-
Federal sources	-	-	-	-	-	3,870	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	5,757	3,796	-	-	3,870	-	39,103	200
Disbursements:									
Instruction	24,378	1,079	-	193	-	3,870	17,201	39,103	-
Support services	-	-	-	-	5,195	-	-	-	-
Noninstructional services	-	-	3,746	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	24,378	1,079	3,746	193	5,195	3,870	17,201	39,103	-
Excess (deficiency) of receipts over disbursements	(24,378)	4,678	50	(193)	(5,195)	-	(17,201)	-	200
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	(24,378)	4,678	50	(193)	(5,195)	-	(17,201)	-	200
Cash and investments - ending	\$ -	\$ 4,678	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 264

JAY COUNTY 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

	Instruction Support	Vocational Home Economics	2016 Common School Loan	17-18 Common School Loan	Adult and Continuing Education	15/16 Adult Basic Ed State	16/17 ABE State	17/18 State ABE	ECA Coca-Cola
Cash and investments - beginning	\$ 5,435	\$ 1	\$ (39,950)	\$ -	\$ 2,151	\$ (2,681)	\$ -	\$ -	\$ 3,710
Receipts:									
Local sources	8,841	-	-	-	-	-	-	-	8,467
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	295,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	2,681	43,805	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	8,841	-	295,000	-	-	2,681	43,805	-	8,467
Disbursements:									
Instruction	7,758	-	-	-	-	-	44,586	-	-
Support services	-	-	255,050	-	-	-	-	-	902
Noninstructional services	-	-	-	-	-	-	-	-	9,759
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,758	-	255,050	-	-	-	44,586	-	10,661
Excess (deficiency) of receipts over disbursements	1,083	-	39,950	-	-	2,681	(781)	-	(2,194)
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	1,083	-	39,950	-	-	2,681	(781)	-	(2,194)
Cash and investments - ending	\$ 6,518	\$ 1	\$ -	\$ -	\$ 2,151	\$ -	\$ (781)	\$ -	\$ 1,516

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

	Non-English Speaking Programs	15-16 NESP Grant	16-17 NESP Grant	School Technology	Career and Technical Performance Grant	Workforce Partnership Grant	16/17 Title I Grant	17/18 Title I Grant	15/16 Title I Grant
Cash and investments - beginning	\$ -	\$ 744	\$ -	\$ 28,991	\$ -	\$ -	\$ -	\$ -	\$ (24,009)
Receipts:									
Local sources	-	-	-	40,226	-	47,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	21,834	-	43,081	-	-	-	-
Federal sources	-	-	-	-	-	-	602,701	-	172,739
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	21,834	40,226	43,081	47,000	602,701	-	172,739
Disbursements:									
Instruction	-	744	18,062	-	42,045	47,053	579,392	-	138,566
Support services	-	-	-	50,740	-	-	40,934	-	9,896
Noninstructional services	-	-	-	-	-	-	3,163	-	268
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	744	18,062	50,740	42,045	47,053	623,489	-	148,730
Excess (deficiency) of receipts over disbursements	-	(744)	3,772	(10,514)	1,036	(53)	(20,788)	-	24,009
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	-	(744)	3,772	(10,514)	1,036	(53)	(20,788)	-	24,009
Cash and investments - ending	\$ -	\$ -	\$ 3,772	\$ 18,477	\$ 1,036	\$ (53)	\$ (20,788)	\$ -	\$ -

JAY COUNTY 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

	2017 Part B 611 - 105-17	2017/18 105-17 Special Ed	15/16 105-17 Grant	15/16 105-17 Part B Grant	Preschool Handicap	15/16 Preschool Handicap	Part B 619 - Preschool	15/16 Federal ABE	16/17 ABE Federal
Cash and investments - beginning	\$ -	\$ -	\$ (13,773)	\$ (33,059)	\$ -	\$ (9,970)	\$ -	\$ (10,268)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	696,008	-	29,498	113,773	-	15,697	29,423	13,687	15,539
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	696,008	-	29,498	113,773	-	15,697	29,423	13,687	15,539
Disbursements:									
Instruction	570,103	-	-	82,899	-	5,727	36,118	3,419	23,834
Support services	167,908	-	15,725	(2,185)	-	-	-	-	200
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	738,011	-	15,725	80,714	-	5,727	36,118	3,419	24,034
Excess (deficiency) of receipts over disbursements	(42,003)	-	13,773	33,059	-	9,970	(6,695)	10,268	(8,495)
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	(42,003)	-	13,773	33,059	-	9,970	(6,695)	10,268	(8,495)
Cash and investments - ending	\$ (42,003)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,695)	\$ -	\$ (8,495)

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

	17/18 Federal ABE	16/17 Perkins	17/18 Area 18 Perkins Grant	21st Century Learning Center	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A Improve Teach	FY 16 Title II Part A	FY 14 Rural and Low Income Grn	FY15 Rural and Low Income
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 6,563	\$ -	\$ (20,670)	\$ -	\$ (895)	\$ (25,891)
Receipts:									
Local sources	-	-	-	3,429	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	36,955	-	-	-	117,044	-	38,750	30,207
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	36,955	-	3,429	-	117,044	-	38,750	30,207
Disbursements:									
Instruction	-	36,955	-	-	-	84,775	52,841	-	-
Support services	-	-	-	5,022	-	8,180	-	38,099	4,316
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	36,955	-	5,022	-	92,955	52,841	38,099	4,316
Excess (deficiency) of receipts over disbursements	-	-	-	(1,593)	-	24,089	(52,841)	651	25,891
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(4,507)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(4,507)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(1,593)	-	19,582	(52,841)	651	25,891
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 4,970	\$ -	\$ (1,088)	\$ (52,841)	\$ (244)	\$ -

JAY COUNTY 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

	FY 16 Rural and Low Income	FY 17 Rural and Low Income	Title III ESL Grant	16/17 Title III	17/18 Title III	Prepaid Food/Trust Account	Insurance Premium Holding Account	Payroll Withholding/ Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (105)	\$ -	\$ -	\$ (12,966)	\$ 41,211	\$ 135,818	\$ 6,283,199
Receipts:									
Local sources	-	-	-	-	-	-	-	-	11,580,524
Intermediate sources	-	-	-	-	-	-	-	-	1,101
State sources	-	-	-	-	-	-	-	-	24,473,980
Federal sources	39,735	-	19,181	18,209	-	-	-	-	3,042,122
Temporary loans	-	-	-	-	-	-	-	-	1,300,000
Other	-	-	-	-	-	529,079	133,125	6,497,129	7,162,264
Total receipts	39,735	-	19,181	18,209	-	529,079	133,125	6,497,129	47,559,991
Disbursements:									
Instruction	2,279	-	14,016	17,378	-	-	-	-	18,909,721
Support services	37,725	-	5,060	831	-	-	-	-	12,729,186
Noninstructional services	-	-	-	-	-	-	-	-	2,268,886
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,007,625
Debt service	-	-	-	-	-	-	-	-	5,834,042
Nonprogrammed charges	-	-	-	-	-	546,424	150,941	6,487,600	7,184,965
Total disbursements	40,004	-	19,076	18,209	-	546,424	150,941	6,487,600	47,934,425
Excess (deficiency) of receipts over disbursements	(269)	-	105	-	-	(17,345)	(17,816)	9,529	(374,434)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	79,141
Transfers in	-	-	-	-	-	-	-	-	213,621
Transfers out	-	-	-	-	-	-	-	-	(213,621)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	79,141
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(269)	-	105	-	-	(17,345)	(17,816)	9,529	(295,293)
Cash and investments - ending	\$ (269)	\$ -	\$ -	\$ -	\$ -	\$ (30,311)	\$ 23,395	\$ 145,347	\$ 5,987,906

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 784,790	\$ 2,250,204	\$ 542,807	\$ 1,262,676	\$ 419,093	\$ 22,345	\$ 70,782	\$ (21,553)	\$ 566,681
Receipts:									
Local sources	419,311	3,936,262	897,030	3,069,031	2,627,490	15,978	-	616,595	153,040
Intermediate sources	913	-	-	-	-	-	-	-	-
State sources	23,297,104	-	-	-	-	-	-	12,430	139,133
Federal sources	158,318	-	-	-	-	-	-	1,123,668	-
Temporary loans	-	-	-	1,300,000	-	-	-	-	-
Other	-	-	-	-	-	-	-	4,087	827
Total receipts	<u>23,875,646</u>	<u>3,936,262</u>	<u>897,030</u>	<u>4,369,031</u>	<u>2,627,490</u>	<u>15,978</u>	<u>-</u>	<u>1,756,780</u>	<u>293,000</u>
Disbursements:									
Instruction	16,035,318	-	-	-	-	-	-	-	-
Support services	6,591,773	-	-	2,246,834	2,272,415	-	-	-	353,234
Noninstructional services	554,283	-	-	-	-	-	-	1,554,034	-
Facilities acquisition and construction	324,444	-	-	727,729	-	-	-	-	-
Debt service	17,425	3,665,942	893,622	1,301,419	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>23,523,243</u>	<u>3,665,942</u>	<u>893,622</u>	<u>4,275,982</u>	<u>2,272,415</u>	<u>-</u>	<u>-</u>	<u>1,554,034</u>	<u>353,234</u>
Excess (deficiency) of receipts over disbursements	<u>352,403</u>	<u>270,320</u>	<u>3,408</u>	<u>93,049</u>	<u>355,075</u>	<u>15,978</u>	<u>-</u>	<u>202,746</u>	<u>(60,234)</u>
Other financing sources (uses):									
Sale of capital assets	1,292,801	-	-	-	-	-	-	-	-
Transfers in	42,735	-	-	-	-	-	400,000	-	177,486
Transfers out	-	(177,486)	-	(120,563)	(279,437)	-	-	-	-
Total other financing sources (uses)	<u>1,335,536</u>	<u>(177,486)</u>	<u>-</u>	<u>(120,563)</u>	<u>(279,437)</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>177,486</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,687,939</u>	<u>92,834</u>	<u>3,408</u>	<u>(27,514)</u>	<u>75,638</u>	<u>15,978</u>	<u>400,000</u>	<u>202,746</u>	<u>117,252</u>
Cash and investments - ending	<u>\$ 2,472,729</u>	<u>\$ 2,343,038</u>	<u>\$ 546,215</u>	<u>\$ 1,235,162</u>	<u>\$ 494,731</u>	<u>\$ 38,323</u>	<u>\$ 470,782</u>	<u>\$ 181,193</u>	<u>\$ 683,933</u>

JAY COUNTY 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

	Educational License Plates	SAFE School Haven	Early Intervention Grant	Early Intervention FY 2013-14	15/16 Early Intervention	2017 Lilly Counseling Initiative	Instructional Support	Elementary Donation	JC Robotics
Cash and investments - beginning	\$ 141	\$ -	\$ 16,811	\$ 357	\$ 1,377	\$ 15,935	\$ 6,006	\$ 297	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	46,602	36,980	-
Intermediate sources	131	-	-	-	-	-	-	-	-
State sources	-	40,948	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	131	40,948	-	-	-	-	46,602	36,980	-
Disbursements:									
Instruction	-	-	-	-	-	-	2,043	(139)	-
Support services	-	40,948	16,811	-	-	8,787	-	66	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	40,948	16,811	-	-	8,787	2,043	(73)	-
Excess (deficiency) of receipts over disbursements	131	-	(16,811)	-	-	(8,787)	44,559	37,053	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	7,830	-
Transfers out	-	-	-	-	-	-	(50,565)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(50,565)	7,830	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	131	-	(16,811)	-	-	(8,787)	(6,006)	44,883	-
Cash and investments - ending	\$ 272	\$ -	\$ -	\$ 357	\$ 1,377	\$ 7,148	\$ -	\$ 45,180	\$ -

JAY COUNTY 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

	JC Promise 529	Manufacturing Day	Charity Gaming	Criminal Background Checks	Formative Assessment	Special Education Excess Costs	15/16 GT Grant	16/17 GT	VIE Greenhouse
Cash and investments - beginning	\$ -	\$ 4,678	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ 264
Receipts:									
Local sources	-	-	3,906	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	39,243	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	3,906	-	39,243	-	-	-	-
Disbursements:									
Instruction	-	-	-	66	-	-	-	-	264
Support services	-	-	31	-	36,229	-	-	-	-
Noninstructional services	-	-	3,875	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,906	66	36,229	-	-	-	264
Excess (deficiency) of receipts over disbursements	-	-	-	(66)	3,014	-	-	-	(264)
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	-	-	-	(66)	3,014	-	-	-	(264)
Cash and investments - ending	\$ -	\$ 4,678	\$ -	\$ 534	\$ 3,014	\$ -	\$ -	\$ -	\$ -

JAY COUNTY 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

	Instruction Support	Vocational Home Economics	2016 Common School Loan	17-18 Common School Loan	Adult and Continuing Education	15/16 Adult Basic Ed State	16/17 ABE State	17/18 State ABE	ECA Coca-Cola
Cash and investments - beginning	\$ 6,518	\$ 1	\$ -	\$ -	\$ 2,151	\$ -	\$ (781)	\$ -	\$ 1,516
Receipts:									
Local sources	7,772	-	-	-	-	-	-	-	7,712
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	243,822	-	-	-	-	-
Federal sources	-	-	-	-	-	-	781	44,727	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	7,772	-	-	243,822	-	-	781	44,727	7,712
Disbursements:									
Instruction	14,290	1	-	-	-	-	-	44,727	-
Support services	-	-	-	326,605	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	8,031
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,290	1	-	326,605	-	-	-	44,727	8,031
Excess (deficiency) of receipts over disbursements	(6,518)	(1)	-	(82,783)	-	-	781	-	(319)
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	(6,518)	(1)	-	(82,783)	-	-	781	-	(319)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (82,783)	\$ 2,151	\$ -	\$ -	\$ -	\$ 1,197

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

	Non-English Speaking Programs	15-16 NESP Grant	16-17 NESP Grant	School Technology	Career and Technical Performance Grant	Workforce Partnership Grant	16/17 Title I Grant	17/18 Title I Grant	15/16 Title I Grant
Cash and investments - beginning	\$ -	\$ -	\$ 3,772	\$ 18,477	\$ 1,036	\$ (53)	\$ (20,788)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	25,114	-	53	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	22,750	-	-	-	51,045	-	-	-	-
Federal sources	-	-	-	-	-	-	300,936	751,815	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	22,750	-	-	25,114	51,045	53	300,936	751,815	-
Disbursements:									
Instruction	21,748	-	3,772	-	27,216	-	271,059	759,991	-
Support services	-	-	-	31,359	1,037	-	3,864	34,240	-
Noninstructional services	-	-	-	-	-	-	5,225	5,024	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	21,748	-	3,772	31,359	28,253	-	280,148	799,255	-
Excess (deficiency) of receipts over disbursements	1,002	-	(3,772)	(6,245)	22,792	53	20,788	(47,440)	-
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	1,002	-	(3,772)	(6,245)	22,792	53	20,788	(47,440)	-
Cash and investments - ending	\$ 1,002	\$ -	\$ -	\$ 12,232	\$ 23,828	\$ -	\$ -	\$ (47,440)	\$ -

JAY COUNTY 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

	2017 Part B 611 - 105-17	2017/18 105-17 Special Ed	15/16 105-17 Grant	15/16 105-17 Part B Grant	Preschool Handicap	15/16 Preschool Handicap	Part B 619 - Preschool	15/16 Federal ABE	16/17 ABE Federal
Cash and investments - beginning	\$ (42,003)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,695)	\$ -	\$ (8,495)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	161,983	662,304	-	-	32,022	-	11,862	-	8,495
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	161,983	662,304	-	-	32,022	-	11,862	-	8,495
Disbursements:									
Instruction	84,681	593,237	-	-	41,225	-	5,167	-	-
Support services	35,299	120,823	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	119,980	714,060	-	-	41,225	-	5,167	-	-
Excess (deficiency) of receipts over disbursements	42,003	(51,756)	-	-	(9,203)	-	6,695	-	8,495
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	42,003	(51,756)	-	-	(9,203)	-	6,695	-	8,495
Cash and investments - ending	\$ -	\$ (51,756)	\$ -	\$ -	\$ (9,203)	\$ -	\$ -	\$ -	\$ -

JAY COUNTY 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

	17/18 Federal ABE	16/17 Perkins	17/18 Area 18 Perkins Grant	21st Century Learning Center	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A Improve Teach	FY 16 Title II Part A	FY14 Rural and Low Income Grn	FY 15 Rural and Low Income
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 4,970	\$ -	\$ (1,088)	\$ (52,841)	\$ (244)	\$ -
Receipts:									
Local sources	-	-	-	3,700	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	22,880	-	35,472	-	30,602	3,507	139,790	-	25,255
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	22,880	-	35,472	3,700	30,602	3,507	139,790	-	25,255
Disbursements:									
Instruction	24,362	-	35,472	-	72,749	1,206	80,921	-	-
Support services	-	-	-	4,512	-	1,213	9,261	(244)	25,255
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	24,362	-	35,472	4,512	72,749	2,419	90,182	(244)	25,255
Excess (deficiency) of receipts over disbursements	(1,482)	-	-	(812)	(42,147)	1,088	49,608	244	-
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	(1,482)	-	-	(812)	(42,147)	1,088	49,608	244	-
Cash and investments - ending	\$ (1,482)	\$ -	\$ -	\$ 4,158	\$ (42,147)	\$ -	\$ (3,233)	\$ -	\$ -

JAY COUNTY 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

	FY 16 Rural and Low Income	FY 17 Rural and Low Income	Title III ESL Grant	16/17 Title III	17/18 Title III	Prepaid Food/Trust Account	Insurance Premium Holding Account	Payroll Withholding/ Clearing	Totals
Cash and investments - beginning	\$ (269)	\$ -	\$ -	\$ -	\$ -	\$ (30,311)	\$ 23,395	\$ 145,347	\$ 5,987,906
Receipts:									
Local sources	-	-	-	-	-	-	-	-	11,866,576
Intermediate sources	-	-	-	-	-	-	-	-	1,044
State sources	-	-	-	-	-	-	-	-	23,846,475
Federal sources	21,066	5,576	-	11,143	5,819	-	-	-	3,558,021
Temporary loans	-	-	-	-	-	-	-	-	1,300,000
Other	-	-	-	-	-	529,686	248,885	6,402,370	7,185,855
Total receipts	21,066	5,576	-	11,143	5,819	529,686	248,885	6,402,370	47,757,971
Disbursements:									
Instruction	550	5,309	-	5,640	12,715	-	-	-	18,143,590
Support services	26,048	4,960	-	5,503	1,750	-	-	-	12,198,613
Noninstructional services	-	-	-	-	-	-	-	-	2,130,472
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,052,173
Debt service	-	-	-	-	-	-	-	-	5,878,408
Nonprogrammed charges	-	-	-	-	-	535,417	249,336	6,222,736	7,007,489
Total disbursements	26,598	10,269	-	11,143	14,465	535,417	249,336	6,222,736	46,410,745
Excess (deficiency) of receipts over disbursements	(5,532)	(4,693)	-	-	(8,646)	(5,731)	(451)	179,634	1,347,226
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	1,292,801
Transfers in	-	-	-	-	-	-	-	-	628,051
Transfers out	-	-	-	-	-	-	-	-	(628,051)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,292,801
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,532)	(4,693)	-	-	(8,646)	(5,731)	(451)	179,634	2,640,027
Cash and investments - ending	\$ (5,801)	\$ (4,693)	\$ -	\$ -	\$ (8,646)	\$ (36,042)	\$ 22,944	\$ 324,981	\$ 8,627,933

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JAY COUNTY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 442,384</u>	<u>\$ 435,853</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Building Corporation of Jay Schools	Lease rental	\$ 2,019,000	2/9/2017	1/15/2027
Building Corporation of Jay Schools	Lease rental	<u>1,401,000</u>	1/15/2006	7/15/2027
Total of annual lease payments		<u>\$ 3,420,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 5,538,377	\$ 893,443
Notes and loans payable	Bond Bank Temporary Loan 2017	1,070,802	1,091,490
Notes and loans payable	Common School Loan	916,336	191,310
Notes and loans payable	Energy Savings Loan HVAC EE RK WL 2011	1,223,130	181,888
Notes and loans payable	Energy Savings Loan HVAC WJ 2012	19,197	2,443
Notes and loans payable	School Bus Loan 2015/2018	<u>1,058,814</u>	<u>127,064</u>
Totals		<u>\$ 9,826,656</u>	<u>\$ 2,487,638</u>

JAY COUNTY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 712,287
Buildings	60,260,438
Improvements other than buildings	3,603,769
Machinery, equipment, and vehicles	<u>8,407,345</u>
Total capital assets	<u>\$ 72,983,839</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE JAY COUNTY SCHOOL CORPORATION, JAY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Jay County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

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

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
Paul D. Joyce, CPA
State Examiner

May 1, 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.

JAY COUNTY 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			FY 2017	\$ -	\$ 154,959	\$ -	\$ -
School Breakfast			FY 2018	-	-	-	174,987
Total - School Breakfast Program				-	154,959	-	174,987
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY 2017	-	748,068	-	-
School Lunch			FY 2018	-	-	-	913,748
Commodities			FY 2017	-	115,303	-	-
Commodities			FY 2018	-	-	-	128,310
Total - National School Lunch Program				-	863,371	-	1,042,058
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program			FY 2017	-	62,849	-	-
Summer Food Service Program			FY 2018	-	-	-	55,453
Total - Summer Food Service Program for Children				-	62,849	-	55,453
Total - Child Nutrition Cluster				-	1,081,179	-	1,272,498
Total - Department of Agriculture				-	1,081,179	-	1,272,498
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grant to States	Indiana Department of Education	84.027					
			14215-031-PN01	-	29,498	-	-
			14216-029-PN01	-	113,773	-	-
			14217-029-PN01	-	696,008	-	161,983
			18611-029-PN01	-	-	-	662,304
Total - Special Education Grant to States				-	839,279	-	824,287
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45716-029-PN01	-	15,697	-	-
			45717-029-PN01	-	29,423	-	11,862
			18619-029-PN01	-	-	-	32,022
Total - Special Education Preschool Grants				-	45,120	-	43,884
Total - Special Education Cluster (IDEA)				-	884,399	-	868,171
Adult Education - Basic Grants to States		84.002					
	New Castle Community School Corporation		c1-s-ae-425	-	13,687	-	-
	New Castle Community School Corporation		AE6-25	-	15,539	-	8,495
	Indiana Department of Workforce Development		AE7-666	-	-	-	22,880
Total - Adult Education - Basic Grants to States				-	29,226	-	31,375

JAY COUNTY 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	16-3945	-	172,739	-	-
			17-3945	-	602,701	-	300,936
			18-3945	-	-	-	751,815
Total - Title I Grants to Local Educational Agencies				-	775,440	-	1,052,751
Career and Technical Education -- Basic Grant to States	Bluffton-Harrison Metropolitan School District	84.048	17-4700-8445	-	36,955	-	-
			18-4700-8445	-	-	-	35,472
Total - Career and Technical Education -- Basic Grant to States				-	36,955	-	35,472
Rural Education	Indiana Department of Education	84.358	7000S358B140014	-	38,750	-	-
			7000S358B150014	-	30,207	-	25,255
			S358B0160014	-	39,735	-	21,066
			S358B0170014	-	-	-	5,576
Total - Rural Education				-	108,692	-	51,897
English Language Acquisition State Grants	Indiana Department of Education	84.365	01116-122-PN01	10,193	19,181	-	-
			01117-205-PN01	-	18,209	11,143	11,143
			01118-034-PN01	-	-	-	5,819
Total - English Language Acquisition State Grants				10,193	37,390	11,143	16,962
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	S367A150015	-	117,044	-	3,507
			S367A160013	-	-	-	139,790
			S367A170013	-	-	-	30,602
Total - Supporting Effective Instruction State Grants				-	117,044	-	173,899
Total - Department of Education				10,193	1,989,146	11,143	2,230,527
Total federal awards expended				<u>\$ 10,193</u>	<u>\$ 3,070,325</u>	<u>\$ 11,143</u>	<u>\$ 3,503,025</u>

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

JAY COUNTY 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.

JAY COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

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

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

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

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

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 Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-031-PN01, 14216-029-PN01, 14217-029-PN01, 18611-029-PN01, 45716-029-PN01, 45717-029-PN01, 18619-029-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

JAY COUNTY 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 maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The Deputy Treasurer prepares the financial data for the maintenance of effort (MOE) calculation, the Special Education Director enters the data into the MOE calculator portion of the grant application, and the Business Manager reviews the MOE calculation and financial data upon signing the assurance document as part of the grant application. However, the School Corporation's internal control system failed to prevent, or detect and correct, material misstatements on the MOE calculation.

The expenditure categories included in the MOE calculation were not consistent from year to year. From fiscal years 2015-2016 to 2016-2017, one category was omitted and 17 amounts entered were not derived from the records from which the audited financial statements were prepared, resulting in an understatement of expenditures by \$93,651. From fiscal years 2016-2017 to 2017-2018, two categories were omitted and 2 amounts entered were not derived from the records from which the audited financial statements were prepared, resulting in an understatement of expenditures by \$38,881. Although material misstatements and noncompliance were detected, if the MOE calculation would have been calculated correctly, the School Corporation would have maintained the requisite fiscal level of effort.

Context

The lack of effective 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). . . ."

34 CFR 300.203(b) states:

"*Compliance standard.*

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:

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

- (i) Local funds only;
 - (ii) The combination of State and local funds;
 - (iii) Local funds only on a per capita basis; or
 - (iv) The combination of State and local funds on a per capita basis.
- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

Cause

The School Corporation had not developed an effective system of internal controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Effect

The failure to establish an effective internal control system enabled 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 an effective system of internal controls related to the grant agreement and 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.

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AUDITEE-PREPARED DOCUMENTS

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

The Jay School Corporation

1976 W Tyson Rd • P O Box 1239 • Portland, Indiana 47371-1511
Phone (260) 726-9341 • Fax (260) 726-4959
www.jayschools.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2014

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

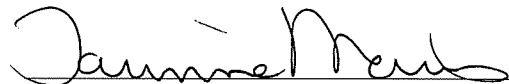
Contact Person Responsible for Corrective Action: Tarinna Morris, Business Manager

Contact Phone Number: 260-726-9341

Status of Audit Finding:

The Business Manager/Treasurer will complete the Annual Financial Report including the SEFA portion. Once completed and before submitting through Gateway, the Deputy Treasurer will review the report and supporting documentation for accuracy. All Federal grants are reported by:

- Listing individual Federal programs by Federal Agency.
- Federal programs included in a cluster, will be listed individually.
- Total Federal awards expended are shown by individual award or by the Federal agency.
- Federal CFDA numbers will be checked annually for changes.
- The name of the pass through entity and the identifying number assigned by the pass through entity will be included on the SEFA report.
- Only Federal dollars will be recorded on the SEFA.
- All federal dollars "expended" (received dollars) will be reported in the year received.
- The total for commodities will be compared to the total the Food Service Director has. If there is a discrepancy, it will be resolved prior to submitting the SEFA.
- The Summer Food Service Program will be reported separately.


(Signature)

Business Manager
(Title)

4-6-19
(Date)

JAY

LTC (Ret.) Jeremy Gulley, Superintendent
Trent Paxson, Ed.S, Assistant Superintendent for Instruction

Tarinna Morris, Business Manager/Treasurer
Ann Van Horn, Special Education Director

The Jay School Corporation

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal Year: FY16

Pass Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Brad DeRome (Retired)

Replaced by Tarinna Morris

Contact Phone Number: 260-726-9341

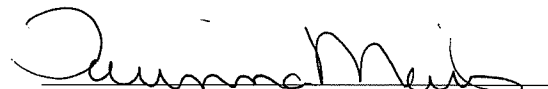
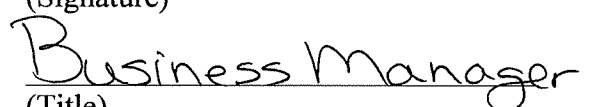
Status of Audit Finding:

Jay School Corporation has put in place procedures for any new or current Special Education vendors who are to be paid from Special Education Federal funds. These procedures will assure the vendors have not been suspended or debarred from participating in Federal programs.

The Business Manager and the Special Education Director will review new or current Special Education vendors for compliance prior to entering into a new transaction or agreement. One or more of the following will be completed:

- Check SAM Exclusions; or
- Collect a certification form from the vendor; or
- Add a clause or condition to the covered transaction or agreement with the vendor.

The procedures were put in place on April 19, 2018 at the conclusion of the FY 15 and FY 16 audit. Because the audit was concluded on April 19, 2018, the FY 17 and a portion of FY18 audits may not be in compliance.


(Signature)

(Title)
4-1-19
(Date)

JAY

LTC (Ret.) Jeremy Gulley, Superintendent
Trent Paxson, Ed.S, Assistant Superintendent for Instruction

Tarinna Morris, Business Manager/Treasurer
Ann Van Horn, Special Education Director

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CORRECTIVE ACTION PLAN

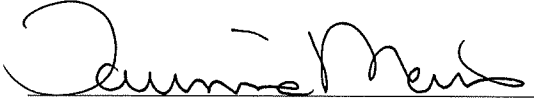
FINDING 2018-001

Contact Person Responsible for Corrective Action: Tarinna Morris, Business Manager
Contact Phone Number: 260-726-9341

View of Responsible Official: We concur with the findings. An internal control system was in place but was not as effective as it needed to be to verify the MOE calculation for the Special Education Grant.

Description of Corrective Action Plan: The Deputy Treasurer will prepare the financial data for the maintenance of effort (MOE). Once prepared, the Deputy Treasurer will give the MOE and all supporting documentation to the Business Manager. When verifying the MOE calculation for the Special Education Grant, the Business Manager will verify all supporting documentation matches the report. The Business Manager will also make sure account numbers that are the same with the exception of the location are added together. The Business Manager will also pull the previous Special Education MOE and verify all account numbers used are being used on the current MOE. This will ensure the expenditure categories included in the MOE calculation are consistent from year to year.

This corrective action plan will begin with the MOE completed after April 17, 2019 and continue thereafter.



(Signature)
Business Manager

(Title)
4-17-19

(Date)

JAY

LTC (Ret.) Jeremy Gulley, Superintendent
Trent Paxson, Ed.S, Assistant Superintendent for Instruction

Tarinna Morris, Business Manager/Treasurer
Ann Van Horn, Special Education Director

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/>.