

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LAPORTE COMMUNITY SCHOOL CORPORATION
LAPORTE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
05/28/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jayne L. Grillo	07-01-16 to 06-30-19
Chief Financial Officer	M. Gregory Hunt	07-01-16 to 06-30-19
Superintendent of Schools	Mark D. Francesconi	07-01-16 to 06-30-19
President of the School Board	Mitch Feikes Mark Kosior Jan Ribordy Shannon Hannon	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



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 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 16, 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 LAPORTE COMMUNITY SCHOOL
CORPORATION, LAPORTE 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 LaPorte 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 16, 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.

LaPorte 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 16, 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.

LAPORTE 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	Receipts	Disbursements	Other	Cash and	Receipts	Disbursements	Other	Cash and
	Investments			Financing	Investments			Financing	Investments
	07-01-16			Sources (Uses)	06-30-17			Sources (Uses)	06-30-18
General	\$ 13,169,385	\$ 41,523,773	\$ 40,663,419	\$ -	\$ 14,029,739	\$ 41,451,862	\$ 40,452,338	\$ (1,000,000)	\$ 14,029,263
Debt Service	2,041,265	6,678,903	6,080,448	(169,125)	2,470,595	6,644,667	7,273,801	-	1,841,461
Retirement/Severance Bond Debt Service	497,960	157,180	542,906	-	112,234	-	-	-	112,234
Capital Projects	2,431,543	3,158,366	3,964,060	-	1,625,849	3,309,283	3,474,386	-	1,460,746
School Transportation	427,727	2,897,044	2,757,091	-	567,680	2,737,852	2,981,396	-	324,136
School Bus Replacement	533,462	537,303	528,230	-	542,535	517,763	-	-	1,060,298
Rainy Day	1,083,591	-	510,241	-	573,350	-	42,467	1,000,000	1,530,883
Retirement/Severance Bond	801,043	-	6,997	-	794,046	-	4,844	-	789,202
KMS Construction	1,398,193	-	1,397,325	-	868	-	500	-	368
BMS Construction	1,572,438	-	1,570,467	-	1,971	-	-	-	1,971
Corporation Capital Improvements	1,872,410	-	1,739,877	-	132,533	-	132,533	-	-
2017 Construction	-	-	291,423	-	(291,423)	291,423	284	-	(284)
School Lunch	2,558,546	3,338,132	3,395,153	-	2,501,525	3,674,852	3,543,715	-	2,632,662
Textbook Rental	(704,277)	559,994	1,504,094	169,125	(1,479,252)	850,969	640,041	-	(1,268,324)
Self-Insurance	3,792,624	12,648,249	12,797,229	-	3,643,644	7,779,293	8,097,168	-	3,325,769
Levy Excess	76,369	461,530	-	-	537,899	-	-	-	537,899
Sp Ed Co-Op	3,808,576	6,450,638	6,556,448	-	3,702,766	6,215,823	6,709,612	-	3,208,977
Sp Ed Co-Op Preschool	166,885	533,018	602,898	-	97,005	627,503	608,856	-	115,652
Early Intervention	-	-	-	-	-	30,122	-	-	30,122
Sp Ed/Louie's Angels	7,855	545	1,799	-	6,601	-	2,038	-	4,563
Child Care Program	287,618	199,725	198,858	-	288,485	190,322	208,086	-	270,721
Alternative Education	11,375	13,733	9,574	-	15,534	12,769	5,696	-	22,607
Lilly Grant	-	50,000	15,898	-	34,102	616,700	169,037	-	481,765
Drug/Suicide Prevention	5,000	-	-	-	5,000	-	-	-	5,000
Instructional Support	-	-	-	-	-	47,000	40,598	-	6,402
Kline Estate KDG Support	1,267,614	-	62,350	(70,000)	1,135,264	-	1,116	(70,000)	1,064,148
CPR Training	1,826	-	-	-	1,826	-	-	-	1,826
Extra-Curricular Activities	178	240	-	-	418	335	-	-	753
PSI Teen Pregnancy	708	4,868	4,757	-	819	5,000	2,681	-	3,138
Hailmann Unity Fdtn	1,582	-	1,769	-	(187)	-	-	-	(187)
Healthcare Foundation Grants	-	-	-	-	-	55,000	23,945	-	31,055
BMS/Alcoa/Science	250	-	250	-	-	-	-	-	-
Preschool Programs	28,703	1,391	52,561	70,000	47,533	-	66,433	70,000	51,100
Formative Assessment	24,072	81,701	105,773	-	-	70,225	35,548	-	34,677
Computer Consortium/Ed Tech Advance	2,659	3,864	5,119	-	1,404	2,560	2,560	-	1,404
Early Childhood Intervention (First Steps)	622	-	-	-	622	-	-	-	622

LAPORTE 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
Medicaid Reimbursement	13,860	148,127	-	-	161,987	141,128	-	-	303,115
Secured Schools Safety Grant	-	50,000	62,594	-	(12,594)	25,189	70,401	-	(57,806)
Section 125 TFR	41,754	143,071	134,312	-	50,513	105,904	89,920	-	66,497
Life Ins TFR	129,213	184,469	99,988	-	213,694	90,646	89,087	-	215,253
LTD Ins TFR	87,083	4,201	102,807	-	(11,523)	89,923	96,023	-	(17,623)
Work Comp Ins TFR	28,871	305,487	339,181	-	(4,823)	342,548	320,369	-	17,356
Medical/Dental Ins TFR	3,722,364	-	-	-	3,722,364	246,934	-	-	3,969,298
Supplemental Life Ins TFR	(897)	74,990	70,344	-	3,749	63,441	63,594	-	3,596
Non-English Speaking Programs	6,004	61,437	63,984	-	3,457	56,000	54,599	-	4,858
School Technology	21,657	6,308	32,916	-	(4,951)	55,845	39,377	-	11,517
Technology Grants [IC 20-40-15]	-	13,023	-	-	13,023	20,763	18,607	-	15,179
Performance Based Awards	12,279	190,445	200,756	-	1,968	203,555	245,976	-	(40,453)
Miscellaneous Programs	-	5,000	5,000	-	-	6,000	6,000	-	-
Rotary Grant	-	-	-	-	-	7,230	7,013	-	217
Project Lead the Way	-	34,500	32,099	-	2,401	-	1,266	-	1,135
Arconic Grant LPHS 2017	-	-	-	-	-	20,000	19,917	-	83
Arconic Grant Special Ed 2017	-	-	-	-	-	26,000	26,000	-	-
Alcoa/Lincoln Lions	1,229	3,000	2,753	-	1,476	-	2,135	-	(659)
Senator David Ford Technology	-	-	-	-	-	-	49,615	-	(49,615)
American Licorice Mentor Program	-	20,000	98	-	19,902	-	9,812	-	10,090
High Ability	47,050	53,692	67,404	-	33,338	54,302	56,201	-	31,439
Title I	(93,792)	949,764	966,347	-	(110,375)	1,093,110	1,053,011	-	(70,276)
Title I Delinquent	(5,737)	45,020	63,334	-	(24,051)	10,747	9,154	-	(22,458)
Work Ethic Program	4,567	-	2,284	-	2,283	11,200	3,109	-	10,374
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(109,952)	1,993,235	2,159,736	-	(276,453)	2,458,060	2,388,314	-	(206,707)
Sp Ed Preschool	(4,001)	53,864	64,924	-	(15,061)	107,294	110,262	-	(18,029)
Medicaid Reimbursement - Federal	77,154	343,833	7,553	-	413,434	213,737	6,561	-	620,610
Improving Teacher Quality, No Child Left, Title II, Part A	(31,934)	211,756	205,271	-	(25,449)	226,672	218,352	-	(17,129)
Title III - English Proficiency Migrant	(14,275)	44,300	34,500	-	(4,475)	48,689	45,737	-	(1,523)
Prepaid Food Service Account	-	27,255	-	-	27,255	445,397	716,951	-	(244,299)
Payroll Clearing Fund	(23,864)	27,417,144	27,162,706	-	230,574	19,433,034	19,398,722	-	264,886
Totals	<u>\$ 41,076,435</u>	<u>\$ 111,684,118</u>	<u>\$ 117,247,905</u>	<u>\$ -</u>	<u>\$ 35,512,648</u>	<u>\$ 100,734,671</u>	<u>\$ 99,735,764</u>	<u>\$ -</u>	<u>\$ 36,511,555</u>

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

LAPORTE 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.

LAPORTE 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:

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.

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

LAPORTE 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.

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of: a) several funds being set up as reimbursable grants. Reimbursements were requested at the beginning of each applicable month after expenditures were made. We typically received our reimbursement requests by the end of the month that we requested them. b) New textbooks were purchased at the end of each school year rather than waiting until the collections were received. This caused the Textbook Rental fund to be overdrawn during a portion of the school year. c) Online prepaid food service payments had been receipted into the School Lunch Fund during fiscal year 2017-2018. These payments should have been receipted into the Prepaid Food Service Account fund. A transfer in the amount of \$466,408 in November 2018 was made bringing the balance to a positive amount. d) Expenditures exceeded the receipts and available cash balances in some funds. Additionally, our software conversion balances were not transferred over correctly and journal entries to fix errors caused the cash balances to appear as a deficit.

LAPORTE COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 8. Restatements

For the year ended June 30, 2017, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. Due to software conversion issues and incorrect transaction guidance from our software provider, our beginning balances have been a work in progress. The following schedule presents a summary of restated beginning balances:

Fund	Balances as of June 30, 2016	Prior Period Adjustment	Balances as of July 1, 2016
Sp Ed Co-Op	\$ 3,813,184	\$ (4,608)	\$ 3,808,576
Preschool Programs	47,996	(19,293)	28,703
Computer Consortium/Ed Tech Advance	1,659	1,000	2,659
Miscellaneous Programs	1,676	(1,676)	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(103,636)	(6,316)	(109,952)

Note 9. Holding Corporation

The School Corporation has entered into capital leases with the LaPorte Multi 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 fiscal years 2017 and 2018 totaled \$4,477,000 and \$6,399,500, respectively.

Note 10. Other Postemployment Benefits

The School Corporation provides health and life insurance benefits to eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	KMS Construction	BMS Construction
Cash and investments - beginning	\$ 13,169,385	\$ 2,041,265	\$ 497,960	\$ 2,431,543	\$ 427,727	\$ 533,462	\$ 1,083,591	\$ 801,043	\$ 1,398,193	\$ 1,572,438
Receipts:										
Local sources	363,791	6,678,903	157,180	3,158,366	2,885,912	509,357	-	-	-	-
Intermediate sources	65,114	-	-	-	-	-	-	-	-	-
State sources	40,887,531	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	207,337	-	-	-	11,132	27,946	-	-	-	-
Total receipts	41,523,773	6,678,903	157,180	3,158,366	2,897,044	537,303	-	-	-	-
Disbursements:										
Instruction	27,647,676	-	-	-	-	-	-	-	-	-
Support services	12,421,911	-	-	3,514,619	2,757,091	528,230	-	6,997	-	-
Noninstructional services	593,832	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	449,441	-	-	510,241	-	1,397,325	1,570,467
Debt service	-	6,080,448	542,906	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	40,663,419	6,080,448	542,906	3,964,060	2,757,091	528,230	510,241	6,997	1,397,325	1,570,467
Excess (deficiency) of receipts over disbursements	860,354	598,455	(385,726)	(805,694)	139,953	9,073	(510,241)	(6,997)	(1,397,325)	(1,570,467)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(169,125)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(169,125)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	860,354	429,330	(385,726)	(805,694)	139,953	9,073	(510,241)	(6,997)	(1,397,325)	(1,570,467)
Cash and investments - ending	\$ 14,029,739	\$ 2,470,595	\$ 112,234	\$ 1,625,849	\$ 567,680	\$ 542,535	\$ 573,350	\$ 794,046	\$ 868	\$ 1,971

LAPORTE 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

	Corporation Capital Improvements	2017 Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Sp Ed Co-Op	Sp Ed Co-Op Preschool	Early Intervention	Sp Ed/ Louis's Angels
Cash and investments - beginning	\$ 1,872,410	\$ -	\$ 2,558,546	\$ (704,277)	\$ 3,792,624	\$ 76,369	\$ 3,808,576	\$ 166,885	\$ -	\$ 7,855
Receipts:										
Local sources	-	-	1,072,385	313,060	11,080,445	461,530	6,419,303	533,018	-	545
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	246,819	-	-	-	-	-	-
Federal sources	-	-	2,265,697	-	-	-	-	-	-	-
Other receipts	-	-	50	115	1,567,804	-	31,335	-	-	-
Total receipts	-	-	3,338,132	559,994	12,648,249	461,530	6,450,638	533,018	-	545
Disbursements:										
Instruction	-	-	-	-	-	-	5,344,401	447,642	-	1,799
Support services	-	-	17	1,504,094	-	-	1,131,989	155,256	-	-
Noninstructional services	-	-	3,395,136	-	-	-	-	-	-	-
Facilities acquisition and construction	1,739,877	291,423	-	-	-	-	80,058	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	12,797,229	-	-	-	-	-
Total disbursements	1,739,877	291,423	3,395,153	1,504,094	12,797,229	-	6,556,448	602,898	-	1,799
Excess (deficiency) of receipts over disbursements	(1,739,877)	(291,423)	(57,021)	(944,100)	(148,980)	461,530	(105,810)	(69,880)	-	(1,254)
Other financing sources (uses):										
Transfers in	-	-	-	169,125	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	169,125	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,739,877)	(291,423)	(57,021)	(774,975)	(148,980)	461,530	(105,810)	(69,880)	-	(1,254)
Cash and investments - ending	\$ 132,533	\$ (291,423)	\$ 2,501,525	\$ (1,479,252)	\$ 3,643,644	\$ 537,899	\$ 3,702,766	\$ 97,005	\$ -	\$ 6,601

LAPORTE 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

	Child Care Program	Alternative Education	Lilly Grant	Drug/Suicide Prevention	Instructional Support	Kline Estate KDG Support	CPR Training	Extra- Curricular Activities	PSI Teen Pregnancy	Hailmann Unity Fdtn
Cash and investments - beginning	\$ 287,618	\$ 11,375	\$ -	\$ 5,000	\$ -	\$ 1,267,614	\$ 1,826	\$ 178	\$ 708	\$ 1,582
Receipts:										
Local sources	199,725	-	50,000	-	-	-	-	-	4,868	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	13,733	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	240	-	-
Total receipts	199,725	13,733	50,000	-	-	-	-	240	4,868	-
Disbursements:										
Instruction	-	9,574	-	-	-	-	-	-	-	1,769
Support services	-	-	15,898	-	-	-	-	-	4,757	-
Noninstructional services	198,858	-	-	-	-	62,350	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	198,858	9,574	15,898	-	-	62,350	-	-	4,757	1,769
Excess (deficiency) of receipts over disbursements	867	4,159	34,102	-	-	(62,350)	-	240	111	(1,769)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(70,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(70,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	867	4,159	34,102	-	-	(132,350)	-	240	111	(1,769)
Cash and investments - ending	\$ 288,485	\$ 15,534	\$ 34,102	\$ 5,000	\$ -	\$ 1,135,264	\$ 1,826	\$ 418	\$ 819	\$ (187)

LAPORTE 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

	Healthcare Foundation Grants	BMS/ Alcoa/ Science	Preschool Programs	Formative Assessment	Computer Consortium/ Ed Tech Advance	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	Secured Schools Safety Grant	Section 125 TFR	Life Ins TFR
Cash and investments - beginning	\$ -	\$ 250	\$ 28,703	\$ 24,072	\$ 2,659	\$ 622	\$ 13,860	\$ -	\$ 41,754	\$ 129,213
Receipts:										
Local sources	-	-	1,391	-	2,845	-	-	-	143,071	184,469
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	81,701	-	-	148,127	50,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	1,019	-	-	-	-	-
Total receipts	-	-	1,391	81,701	3,864	-	148,127	50,000	143,071	184,469
Disbursements:										
Instruction	-	250	-	105,773	-	-	-	-	-	-
Support services	-	-	-	-	5,119	-	-	62,594	134,312	99,988
Noninstructional services	-	-	52,561	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	250	52,561	105,773	5,119	-	-	62,594	134,312	99,988
Excess (deficiency) of receipts over disbursements	-	(250)	(51,170)	(24,072)	(1,255)	-	148,127	(12,594)	8,759	84,481
Other financing sources (uses):										
Transfers in	-	-	70,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	70,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(250)	18,830	(24,072)	(1,255)	-	148,127	(12,594)	8,759	84,481
Cash and investments - ending	\$ -	\$ -	\$ 47,533	\$ -	\$ 1,404	\$ 622	\$ 161,987	\$ (12,594)	\$ 50,513	\$ 213,694

LAPORTE 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

	LTD Ins TFR	Work Comp Ins TFR	Medical/Dental Ins TFR	Supplemental Life Ins TFR	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs	Rotary Grant
Cash and investments - beginning	\$ 87,083	\$ 28,871	\$ 3,722,364	\$ (897)	\$ 6,004	\$ 21,657	\$ -	\$ 12,279	\$ -	\$ -
Receipts:										
Local sources	4,201	305,487	-	74,990	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	61,437	6,308	13,023	190,445	5,000	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	4,201	305,487	-	74,990	61,437	6,308	13,023	190,445	5,000	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	200,756	5,000	-
Support services	102,807	339,181	-	70,344	63,984	32,916	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	102,807	339,181	-	70,344	63,984	32,916	-	200,756	5,000	-
Excess (deficiency) of receipts over disbursements	(98,606)	(33,694)	-	4,646	(2,547)	(26,608)	13,023	(10,311)	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(98,606)	(33,694)	-	4,646	(2,547)	(26,608)	13,023	(10,311)	-	-
Cash and investments - ending	\$ (11,523)	\$ (4,823)	\$ 3,722,364	\$ 3,749	\$ 3,457	\$ (4,951)	\$ 13,023	\$ 1,968	\$ -	\$ -

LAPORTE 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

	Project Lead the Way	Arconic Grant LPHS 2017	Arconic Grant Special Ed 2017	Alcoa/Lincoln Lions	Senator David Ford Technology	American Licorice Mentor Program	High Ability	Title I	Title I Delinquent	Work Ethic Program
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,229	\$ -	\$ -	\$ 47,050	\$ (93,792)	\$ (5,737)	\$ 4,567
Receipts:										
Local sources	-	-	-	3,000	-	20,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	34,500	-	-	-	-	-	53,692	-	-	-
Federal sources	-	-	-	-	-	-	-	949,764	45,020	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	34,500	-	-	3,000	-	20,000	53,692	949,764	45,020	-
Disbursements:										
Instruction	32,099	-	-	2,753	-	-	63,020	956,074	63,334	2,284
Support services	-	-	-	-	-	98	4,384	-	-	-
Noninstructional services	-	-	-	-	-	-	-	10,273	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	32,099	-	-	2,753	-	98	67,404	966,347	63,334	2,284
Excess (deficiency) of receipts over disbursements	2,401	-	-	247	-	19,902	(13,712)	(16,583)	(18,314)	(2,284)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,401	-	-	247	-	19,902	(13,712)	(16,583)	(18,314)	(2,284)
Cash and investments - ending	\$ 2,401	\$ -	\$ -	\$ 1,476	\$ -	\$ 19,902	\$ 33,338	\$ (110,375)	\$ (24,051)	\$ 2,283

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

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Sp Ed Preschool	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Prepaid Food Service Account	Payroll Clearing Fund	Totals
Cash and investments - beginning	\$ (109,952)	\$ (4,001)	\$ 77,154	\$ (31,934)	\$ (14,275)	\$ -	\$ (23,864)	\$ 41,076,435
Receipts:								
Local sources	-	-	-	-	-	-	-	34,627,842
Intermediate sources	-	-	-	-	-	-	-	65,114
State sources	-	-	-	-	-	-	-	41,792,316
Federal sources	1,993,235	53,864	343,833	211,756	44,300	-	-	5,907,469
Other receipts	-	-	-	-	-	27,255	27,417,144	29,291,377
Total receipts	<u>1,993,235</u>	<u>53,864</u>	<u>343,833</u>	<u>211,756</u>	<u>44,300</u>	<u>27,255</u>	<u>27,417,144</u>	<u>111,684,118</u>
Disbursements:								
Instruction	1,879,099	49,783	538	-	-	-	-	36,813,624
Support services	280,637	15,141	7,015	205,271	34,500	-	-	23,499,150
Noninstructional services	-	-	-	-	-	-	-	4,313,010
Facilities acquisition and construction	-	-	-	-	-	-	-	6,038,832
Debt service	-	-	-	-	-	-	-	6,623,354
Nonprogrammed charges	-	-	-	-	-	-	27,162,706	39,959,935
Total disbursements	<u>2,159,736</u>	<u>64,924</u>	<u>7,553</u>	<u>205,271</u>	<u>34,500</u>	<u>-</u>	<u>27,162,706</u>	<u>117,247,905</u>
Excess (deficiency) of receipts over disbursements	<u>(166,501)</u>	<u>(11,060)</u>	<u>336,280</u>	<u>6,485</u>	<u>9,800</u>	<u>27,255</u>	<u>254,438</u>	<u>(5,563,787)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	239,125
Transfers out	-	-	-	-	-	-	-	(239,125)
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>(166,501)</u>	<u>(11,060)</u>	<u>336,280</u>	<u>6,485</u>	<u>9,800</u>	<u>27,255</u>	<u>254,438</u>	<u>(5,563,787)</u>
Cash and investments - ending	<u>\$ (276,453)</u>	<u>\$ (15,061)</u>	<u>\$ 413,434</u>	<u>\$ (25,449)</u>	<u>\$ (4,475)</u>	<u>\$ 27,255</u>	<u>\$ 230,574</u>	<u>\$ 35,512,648</u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	KMS Construction	BMS Construction
Cash and investments - beginning	\$ 14,029,739	\$ 2,470,595	\$ 112,234	\$ 1,625,849	\$ 567,680	\$ 542,535	\$ 573,350	\$ 794,046	\$ 868	\$ 1,971
Receipts:										
Local sources	(31,831)	6,644,667	-	3,309,283	2,727,363	517,763	-	-	-	-
Intermediate sources	255,301	-	-	-	-	-	-	-	-	-
State sources	41,241,984	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	(13,592)	-	-	-	10,489	-	-	-	-	-
Total receipts	41,451,862	6,644,667	-	3,309,283	2,737,852	517,763	-	-	-	-
Disbursements:										
Instruction	27,047,230	-	-	-	-	-	-	-	-	-
Support services	12,828,072	-	-	2,884,398	2,981,396	-	-	4,844	-	-
Noninstructional services	577,036	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	589,988	-	-	42,467	-	500	-
Debt service	-	7,273,801	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	40,452,338	7,273,801	-	3,474,386	2,981,396	-	42,467	4,844	500	-
Excess (deficiency) of receipts over disbursements	999,524	(629,134)	-	(165,103)	(243,544)	517,763	(42,467)	(4,844)	(500)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	1,000,000	-	-	-
Transfers out	(1,000,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,000,000)	-	-	-	-	-	1,000,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(476)	(629,134)	-	(165,103)	(243,544)	517,763	957,533	(4,844)	(500)	-
Cash and investments - ending	\$ 14,029,263	\$ 1,841,461	\$ 112,234	\$ 1,460,746	\$ 324,136	\$ 1,060,298	\$ 1,530,883	\$ 789,202	\$ 368	\$ 1,971

LAPORTE 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

	Corporation Capital Improvements	2017 Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Sp Ed Co-Op	Sp Ed Co-Op Preschool	Early Intervention	Sp Ed/ Louis's Angels
Cash and investments - beginning	\$ 132,533	\$ (291,423)	\$ 2,501,525	\$ (1,479,252)	\$ 3,643,644	\$ 537,899	\$ 3,702,766	\$ 97,005	\$ -	\$ 6,601
Receipts:										
Local sources	-	-	1,303,958	479,711	7,779,293	-	6,215,011	627,503	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	28,857	270,317	-	-	-	-	30,122	-
Federal sources	-	-	2,342,037	-	-	-	-	-	-	-
Other receipts	-	291,423	-	100,941	-	-	812	-	-	-
Total receipts	-	291,423	3,674,852	850,969	7,779,293	-	6,215,823	627,503	30,122	-
Disbursements:										
Instruction	-	-	-	-	-	-	5,492,088	414,909	-	2,038
Support services	-	-	-	640,041	-	-	1,174,524	193,947	-	-
Noninstructional services	-	-	3,543,715	-	-	-	-	-	-	-
Facilities acquisition and construction	132,533	284	-	-	-	-	43,000	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	8,097,168	-	-	-	-	-
Total disbursements	132,533	284	3,543,715	640,041	8,097,168	-	6,709,612	608,856	-	2,038
Excess (deficiency) of receipts over disbursements	(132,533)	291,139	131,137	210,928	(317,875)	-	(493,789)	18,647	30,122	(2,038)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(132,533)	291,139	131,137	210,928	(317,875)	-	(493,789)	18,647	30,122	(2,038)
Cash and investments - ending	\$ -	\$ (284)	\$ 2,632,662	\$ (1,268,324)	\$ 3,325,769	\$ 537,899	\$ 3,208,977	\$ 115,652	\$ 30,122	\$ 4,563

LAPORTE 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

	Child Care Program	Alternative Education	Lilly Grant	Drug/Suicide Prevention	Instructional Support	Kline Estate KDG Support	CPR Training	Extra- Curricular Activities	PSI Teen Pregnancy	Hailmann Unity Fdtn
Cash and investments - beginning	\$ 288,485	\$ 15,534	\$ 34,102	\$ 5,000	\$ -	\$ 1,135,264	\$ 1,826	\$ 418	\$ 819	\$ (187)
Receipts:										
Local sources	190,322	-	616,700	-	47,000	-	-	-	5,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	12,769	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	335	-	-
Total receipts	190,322	12,769	616,700	-	47,000	-	-	335	5,000	-
Disbursements:										
Instruction	-	5,696	-	-	40,598	-	-	-	-	-
Support services	-	-	169,037	-	-	-	-	-	2,681	-
Noninstructional services	208,086	-	-	-	-	1,116	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	208,086	5,696	169,037	-	40,598	1,116	-	-	2,681	-
Excess (deficiency) of receipts over disbursements	(17,764)	7,073	447,663	-	6,402	(1,116)	-	335	2,319	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(70,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(70,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,764)	7,073	447,663	-	6,402	(71,116)	-	335	2,319	-
Cash and investments - ending	\$ 270,721	\$ 22,607	\$ 481,765	\$ 5,000	\$ 6,402	\$ 1,064,148	\$ 1,826	\$ 753	\$ 3,138	\$ (187)

LAPORTE 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

	Healthcare Foundation Grants	BMS/ Alcoa/ Science	Preschool Programs	Formative Assessment	Computer Consortium/ Ed Tech Advance	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	Secured Schools Safety Grant	Section 125 TFR	Life Ins TFR
Cash and investments - beginning	\$ -	\$ -	\$ 47,533	\$ -	\$ 1,404	\$ 622	\$ 161,987	\$ (12,594)	\$ 50,513	\$ 213,694
Receipts:										
Local sources	55,000	-	-	-	2,560	-	-	-	105,904	90,646
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	70,225	-	-	141,128	25,189	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	55,000	-	-	70,225	2,560	-	141,128	25,189	105,904	90,646
Disbursements:										
Instruction	15,557	-	-	35,548	-	-	-	-	-	-
Support services	8,388	-	-	-	2,560	-	-	70,401	89,920	89,087
Noninstructional services	-	-	66,433	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	23,945	-	66,433	35,548	2,560	-	-	70,401	89,920	89,087
Excess (deficiency) of receipts over disbursements	31,055	-	(66,433)	34,677	-	-	141,128	(45,212)	15,984	1,559
Other financing sources (uses):										
Transfers in	-	-	70,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	70,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,055	-	3,567	34,677	-	-	141,128	(45,212)	15,984	1,559
Cash and investments - ending	\$ 31,055	\$ -	\$ 51,100	\$ 34,677	\$ 1,404	\$ 622	\$ 303,115	\$ (57,806)	\$ 66,497	\$ 215,253

LAPORTE 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

	LTD Ins TFR	Work Comp Ins TFR	Medical/Dental Ins TFR	Supplemental Life Ins TFR	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs	Rotary Grant
Cash and investments - beginning	\$ (11,523)	\$ (4,823)	\$ 3,722,364	\$ 3,749	\$ 3,457	\$ (4,951)	\$ 13,023	\$ 1,968	\$ -	\$ -
Receipts:										
Local sources	89,923	342,548	246,934	63,441	-	-	-	-	-	230
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	56,000	11,370	20,763	203,555	6,000	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	44,475	-	-	-	7,000
Total receipts	89,923	342,548	246,934	63,441	56,000	55,845	20,763	203,555	6,000	7,230
Disbursements:										
Instruction	-	-	-	-	-	-	-	245,976	6,000	-
Support services	96,023	320,369	-	63,594	54,599	39,377	18,607	-	-	7,013
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	96,023	320,369	-	63,594	54,599	39,377	18,607	245,976	6,000	7,013
Excess (deficiency) of receipts over disbursements	(6,100)	22,179	246,934	(153)	1,401	16,468	2,156	(42,421)	-	217
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,100)	22,179	246,934	(153)	1,401	16,468	2,156	(42,421)	-	217
Cash and investments - ending	\$ (17,623)	\$ 17,356	\$ 3,969,298	\$ 3,596	\$ 4,858	\$ 11,517	\$ 15,179	\$ (40,453)	\$ -	\$ 217

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

	Project Lead the Way	Arconic Grant LPHS 2017	Arconic Grant Special Ed 2017	Alcoa/Lincoln Lions	Senator David Ford Technology	American Licorice Mentor Program	High Ability	Title I	Title I Delinquent	Work Ethic Program
Cash and investments - beginning	\$ 2,401	\$ -	\$ -	\$ 1,476	\$ -	\$ 19,902	\$ 33,338	\$ (110,375)	\$ (24,051)	\$ 2,283
Receipts:										
Local sources	-	20,000	26,000	-	-	-	-	-	3,156	11,200
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	54,302	-	-	-
Federal sources	-	-	-	-	-	-	-	1,093,110	7,591	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	20,000	26,000	-	-	-	54,302	1,093,110	10,747	11,200
Disbursements:										
Instruction	1,266	19,917	26,000	2,135	-	-	55,110	1,040,083	9,154	3,109
Support services	-	-	-	-	49,615	9,812	1,091	-	-	-
Noninstructional services	-	-	-	-	-	-	-	12,928	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,266	19,917	26,000	2,135	49,615	9,812	56,201	1,053,011	9,154	3,109
Excess (deficiency) of receipts over disbursements	(1,266)	83	-	(2,135)	(49,615)	(9,812)	(1,899)	40,099	1,593	8,091
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,266)	83	-	(2,135)	(49,615)	(9,812)	(1,899)	40,099	1,593	8,091
Cash and investments - ending	\$ 1,135	\$ 83	\$ -	\$ (659)	\$ (49,615)	\$ 10,090	\$ 31,439	\$ (70,276)	\$ (22,458)	\$ 10,374

LAPORTE 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

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Sp Ed Preschool	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Prepaid Food Service Account	Payroll Clearing Fund	Totals
Cash and investments - beginning	\$ (276,453)	\$ (15,061)	\$ 413,434	\$ (25,449)	\$ (4,475)	\$ 27,255	\$ 230,574	\$ 35,512,648
Receipts:								
Local sources	-	-	-	-	-	-	-	31,489,285
Intermediate sources	-	-	-	-	-	-	-	255,301
State sources	-	-	-	-	-	-	-	42,172,581
Federal sources	2,458,060	107,294	213,737	226,672	48,689	-	-	6,497,190
Other receipts	-	-	-	-	-	445,397	19,433,034	20,320,314
Total receipts	2,458,060	107,294	213,737	226,672	48,689	445,397	19,433,034	100,734,671
Disbursements:								
Instruction	2,100,114	80,243	-	-	-	-	-	36,642,771
Support services	288,200	30,019	6,561	218,352	45,737	-	-	22,388,265
Noninstructional services	-	-	-	-	-	-	-	4,409,314
Facilities acquisition and construction	-	-	-	-	-	-	-	808,772
Debt service	-	-	-	-	-	-	-	7,273,801
Nonprogrammed charges	-	-	-	-	-	716,951	19,398,722	28,212,841
Total disbursements	2,388,314	110,262	6,561	218,352	45,737	716,951	19,398,722	99,735,764
Excess (deficiency) of receipts over disbursements	69,746	(2,968)	207,176	8,320	2,952	(271,554)	34,312	998,907
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	1,070,000
Transfers out	-	-	-	-	-	-	-	(1,070,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	69,746	(2,968)	207,176	8,320	2,952	(271,554)	34,312	998,907
Cash and investments - ending	\$ (206,707)	\$ (18,029)	\$ 620,610	\$ (17,129)	\$ (1,523)	\$ (244,299)	\$ 264,886	\$ 36,511,555

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LAPORTE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 1,390,412</u>	<u>\$ 298,782</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Pitney Bowes Coporation	Postage Machine Lease	\$ 2,757	10/22/2014	10/22/2019
Ricoh Corporation	Copier Lease	199,521	09/18/2012	07/18/2018
LaPorte Multi School Building Corporation	2013A Five Projects	1,357,000	07/15/2013	01/15/2023
LaPorte Multi School Building Corporation	2016A The Projects	1,234,500	11/09/2016	06/30/2036
LaPorte Multi School Building Corporation	2017A The Projects	2,825,500	08/15/2017	06/30/2037
LaPorte Multi School Building Corporation	2018A The Projects	<u>565,500</u>	02/28/2018	12/31/2037
Total of annual lease payments		<u>\$ 6,184,778</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Amended Taxable General Obligation Pension Bond of 2015	<u>\$ 385,000</u>	<u>\$ 387,021</u>

LAPORTE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 300,455
Buildings	209,438,057
Improvements other than buildings	2,294,660
Machinery, equipment, and vehicles	15,026,208
Construction in progress	57,334,809
Books and other	<u>6,096,788</u>
Total capital assets	<u>\$ 290,490,977</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
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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 LAPORTE COMMUNITY SCHOOL
CORPORATION, LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the LaPorte 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 2018-013 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 Matching, Level of Effort, Earmarking, and Reporting. 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)

As described in item 2018-012 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Cash Management, and Reporting that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2018-003, 2018-004, 2018-006, 2018-007, and 2018-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Equipment and Real Property Management, Program Income, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, and Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the possible effects of the matter and noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraphs, 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 Special Education Cluster (IDEA) for the period of July 1, 2016 to June 30, 2018.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* 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 Child Nutrition Cluster 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 2018-010 and 2018-011. 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.

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

Report on Internal Control over Compliance


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011, 2018-012, and 2018-013, 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 16, 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.

LAPORTE 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
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program							
School Breakfast	Indiana Department of Education	10.553	FY 2016-2017	\$ -	\$ 476,389	\$ -	\$ -
School Breakfast			FY 2017-2018	-	-	-	498,331
Total - School Breakfast Program				-	476,389	-	498,331
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555	FY 2016-2017	-	1,696,895	-	-
Commodities			FY 2016-2017	-	278,344	-	-
School Lunch			FY 2017-2018	-	-	-	1,788,330
Commodities			FY 2017-2018	-	-	-	284,607
Total - National School Lunch Program				-	1,975,239	-	2,072,937
Summer Food Service Program for Children							
Summer Feeding	Indiana Department of Education	10.559	FY 2016-2017	-	63,646	-	-
Summer Feeding			FY 2017-2018	-	-	-	55,376
Total - Summer Food Service Program for Children				-	63,646	-	55,376
Total - Child Nutrition Cluster				-	2,515,274	-	2,626,644
Total - Department of Agriculture				-	2,515,274	-	2,626,644
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
525-5 - Special Ed.	Indiana Department of Education	84.027	14216-055-PN01	-	378,842	-	-
525-6 - Special Ed.			14217-055-PN01	-	772,512	-	707,931
525-7 - Special Ed.			18611-055-PN01	-	-	-	709,191
Total - Special Education Grants to States				-	1,151,354	-	1,417,122
Special Education Preschool Grants							
545-5 - Special Ed. Preschool	Indiana Department of Education	84.173	45716-055-PN01	-	22,827	-	12,529
545-6 - Special Ed. Preschool			45717-055-PN01	-	8,375	-	47,124
545-7 - Special Ed. Preschool			18619 055 PN01	-	-	-	2,468
Total - Special Education Preschool Grants				-	31,202	-	62,121
Total - Special Education Cluster (IDEA)				-	1,182,556	-	1,479,243

LAPORTE 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					
410-5 - Title I Part A			ESEA 2015-2016	-	164,574	-	-
410-6 - Title I Part A			ESEA 2016-2017	-	785,190	-	303,254
410-7 - Title I Part A			ESEA 2017-2018	-	-	-	789,857
Total - Title I Grants to Local Educational Agencies				-	949,764	-	1,093,111
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013					
414-5 - Title I Part D			ESEA 2015-2016	-	14,451	-	-
414-6 - Title I Part D			ESEA 2016-2017	-	30,569	-	-
414-7 - Title I Part D			ESEA 2017-2018	-	-	-	10,748
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	45,020	-	10,748
English Language Acquisition State Grants	Indiana Department of Education	84.365					
688-4 - Title III ENL			FY 14	-	233	-	-
688-5 - Title III ENL			FY 15	-	41,915	-	1,613
688-6 - Title III ENL			FY 16	-	2,152	-	46,667
688-7 - Title III ENL			FY 17	-	-	-	408
Total - English Language Acquisition State Grants				-	44,300	-	48,688
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
684-6 - Title II Part A			FFY 2015	-	195,441	-	-
684-7 - Title II Part A			FFY 2016	-	16,315	-	188,353
684-8 - Title II Part A			FFY 2017	-	-	-	38,319
Total - Supporting Effective Instruction State Grants				-	211,756	-	226,672
Total - Department of Education				-	2,433,396	-	2,858,462
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Individualized Education Programs			2016-2017	-	7,553	-	-
Medicaid Administrative Claiming			2016-2017	-	52,280	-	-
Individualized Education Programs			2017-2018	-	-	-	6,561
Medicaid Administrative Claiming			2017-2018	-	-	-	55,199
Total - Medicaid Cluster				-	59,833	-	61,760
Total - Department of Health and Human Services				-	59,833	-	61,760
Total federal awards expended				\$ -	\$ 5,008,503	\$ -	\$ 5,546,866

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

LAPORTE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

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

LAPORTE 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 weaknesses 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>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
	Child Nutrition Cluster	Qualified
	Special Education Cluster (IDEA)	Qualified
84.010	Title I Grants to Local Educational Agencies	Unmodified

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

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

FINDING 2018-001

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

Repeat Finding

This is a repeat of Finding 2016-001 from the immediately prior audit report.

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

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

1. **Cash and Investments:** Due to the implementation of new financial software and issues with transferring data from the old software, only one month's reconciliation of the fund balance to the payroll bank account was presented for all 24 months of the audit period. No reconciliations of the fund balances to the corporate bank account or investment bank account were presented for the audit period. The School Corporation's payroll bank account had not been reconciled since April 2018. The corporate and investment bank accounts had not been reconciled since March 2016. In total, the bank balances exceeded the School Corporation's record balance by \$1,327,333 as of June 30, 2017, and fell short by \$41,267 as of June 30, 2018.
2. **Financial Reporting:** Due to differences between the new and old financial software applications and misguidance from the software provider, receipts, disbursements, and journal entries were posted incorrectly throughout the audit period. The School Corporation submitted incorrect financial information into the Indiana Department of Education Form 9 financial reports, which was the source of the financial statement. There were no controls in place to prevent, or detect and correct, material misstatements in a timely manner. Additionally, management of the School Corporation had not established a review process for the financial statement after compilation.
3. **Receipts, Disbursements, and Journal Entries:** The new financial software system allowed users to date transactions in the past and issue transaction numbers more than once. During the audit period, the system created multiple receipts with the same receipt number.
4. **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to journal entries. One employee prepared journal entries without any oversight, review, or approval process to detect and correct errors.
5. **Monitoring of Controls:** The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The Form 9s and financial statement did not properly reflect the School Corporation's financial activity. The Payroll Clearing fund receipts were overstated by \$15,609,788 and \$28,210,838; and disbursements were overstated by \$17,494,411 and \$30,859,930 for the years ended June 30, 2017 and 2018, respectively.

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

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:

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

"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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Cause

Management of the School Corporation had not established a proper system of internal controls. Additionally, management had not conducted risk assessment procedures related to the School Corporation's financial transactions and reporting.

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

Effect

The failure to establish controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Recommendation

We recommended that the School Corporation establish a system of internal controls to ensure accurate financial transactions and reporting.

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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Repeat Finding

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

Condition

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

Due to differences between the new and old financial software applications and misguidance from the software provider, receipts, disbursements, and journal entries were posted incorrectly throughout the audit period. The School Corporation submitted incorrect financial information into the Indiana Gateway for Government Unit's financial reporting system, which was the source for the SEFA. There were no controls to prevent, or detect and correct, material misstatements in a timely manner. Additionally, management of the School Corporation had not established a review process for the SEFA after compilation.

Context

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

Criteria

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

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

"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. . . ."

Cause

Management of the School Corporation had not established a system of internal controls to ensure proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected.

Recommendation

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-003

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

Repeat Finding

This is a repeat of Finding 2016-004 from the immediately prior audit report.

LAPORTE 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 requirements. The School Corporation did not have adequate policies and procedures to ensure that the proper equipment records were maintained.

A complete list of equipment acquired with federal awards was not maintained. The School Corporation contracted with a consulting firm to compile a capital asset listing derived from the inventory information. There was not a proper system of oversight, review, or approval of the capital asset listing by the School Corporation.

The capital asset listing omitted several pieces of equipment that should have been included. Additionally, items included in the listing did not identify equipment purchased with federal awards, serial numbers or other identification numbers, the source of funding for the property, and percentage of federal participation.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. Six out of seven or 85 percent of the equipment items tested were not included in the capital asset listing.

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. . . ."

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

Cause

The School Corporation's management had not developed or implemented a system of internal controls that would have ensured compliance with the grant agreement and the equipment requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the grant agreement and the equipment 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: School Breakfast Program, National School Lunch Program - Program Income
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): FY 2016-2017, FY 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition

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

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the food service program reports were reconciled to income receipted into the School Lunch fund. In fiscal year 2016-2017, all collections for prepayments were recorded directly into the School Lunch fund and not into the appropriate fund, Clearing Account Number 8400 - Prepaid Food. The School Corporation established the Prepaid Food Service Account fund, fund number 840, for 2017-2018, but the online prepayments were still erroneously recorded in the School Lunch fund instead of the Prepaid Food Service Account fund.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with §210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . ."

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

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

7 CFR 225.6(e) states in part:

"State-Sponsor Agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

(12) Maintain a financial management system as prescribed by the State agency; . . ."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Bulletin and Uniform Compliance Guidelines, September 2008)

Cause

The School Corporation's management had not developed or implemented a system of internal controls that would have ensured compliance with the grant agreement and the Program Income compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-005

Subject: Child Nutrition Cluster - Eligibility, Special Tests and Provisions - Paid Lunch Equity
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): FY 2016-2017, FY 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Special Tests and Provisions - Paid Lunch Equity
Audit Finding: Material Weakness

LAPORTE 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 following compliance requirements:

Eligibility

The School Corporation used a food service software which automatically made the eligibility determinations dependent upon the information entered into the software. The income guidelines were programmed into the system without a proper system of oversight, review, or approval by the School Corporation.

Special Tests and Provisions - Paid Lunch Equity

The Food Service Coordinator completed the paid lunch equity calculations without an oversight, review, or approval process in place to ensure the accuracy of the calculation.

Context

The lack of controls was a systemic issue, 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). . . ."

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-006

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Program Income
Audit Findings: Material Weakness, Modified Opinion

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 Allowable Costs/Cost Principles and Program Income compliance requirements.

The School Corporation had not designed or implemented a system of internal controls to ensure that proper approval had been obtained from the Indiana Department of Education (IDOE) for equipment purchases over \$5,000.

The School Corporation did not provide evidence of prior approval from the IDOE for the purchase of equipment over \$5,000. The purchases of equipment, which included the usage of program income funds, were not made in accordance with federal guidelines.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. Equipment purchases totaled \$463,255 during the audit period, which were 7 percent of program disbursements.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

LAPORTE 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 200.439(b)(2) states:

"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 200.307(e) states in part:

"Use of program income. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. . . . When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures. . . ."

(2) *Addition.* With prior approval of the Federal awarding agency (except for IHEs and nonprofit research institutions, as described in paragraph (e) of this section) program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award. . . ."

7 CFR 210.14(a) states:

"Nonprofit school food service. School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*)."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . ."

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

- (ii) In accordance with the financial management system established under § 220.13(i) of this part, use all revenues received by such food service only for the operation or improvement of that food service *Except that*, facilities, equipment, and personnel support with funds provided to a school food authority under this part may be used to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*); . . ."

7 CFR 225.15(a) states in part:

"*General.* (1) Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part. . . ."

Cause

The School Corporation's management had not developed or implemented a system of internal controls that would have ensured compliance with the grant agreement and the compliance requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the Allowable Costs/Cost Principles and Program Income compliance requirements.

FINDING 2018-007

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

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 procurement requirements.

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

The School Corporation did not obtain prices or rate quotations from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the procedures for small purchases.

Context

The lack of effective controls was a systemic issue throughout the audit period. The noncompliance was isolated to the vendors tested under the small purchase procedures.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the grant agreement and procurement requirements.

LAPORTE 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 2018-008

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

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 reporting requirements.

A process to review the Child Nutrition Cluster Annual Financial Reports (AFR) had been established; however, it was not effective. The AFRs submitted did not agree with the School Corporation's underlying financial records in both the individual categories and in total. Additionally, the AFRs did not agree with the sales reports generated by the food service point of sale system. The differences were as follows:

	AFR Compared to Financial Statement					
	2016-2017			2017-2018		
	AFR	Financial Statement	Difference	AFR	Financial Statement	Difference
Sales to Children						
Lunch	\$ 568,474	\$ 541,979	\$ 26,495	\$ 510,995	\$ 477,957	\$ 33,038
Breakfast	16,253	16,253	-	15,512	15,084	428
Ala-carte	303,882	309,946	(6,064)	285,691	272,624	13,067
Sales to Adults						
Lunch	39,552	32,614	6,938	34,142	25,117	9,025
Ala-carte	6,147	6,117	30	5,017	5,052	(35)
Other Income	164,772	163,301	1,471	164,240	507,270	(343,030)
Total Income	<u>\$ 1,099,080</u>	<u>\$ 1,070,210</u>	<u>\$ 28,870</u>	<u>\$ 1,015,597</u>	<u>\$ 1,303,104</u>	<u>\$ (287,507)</u>

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

	AFR Compared to Sales Report					
	2016-2017			2017-2018		
	AFR	Sales Report	Difference	AFR	Sales Report	Difference
Sales to Children						
Lunch	\$ 568,474	\$ 565,104	\$ 3,370	\$ 510,995	\$ 512,810	\$ (1,815)
Breakfast	16,253	16,009	244	15,512	15,601	(89)
Ala-carte	303,882	302,127	1,755	285,691	287,840	(2,149)
Sales to Adults						
Lunch	39,552	19,968	19,584	34,142	31,421	2,721
Ala-carte	6,147	3,604	2,543	5,017	4,886	131
Other Income *	<u>164,772</u>	<u>164,772</u>	<u>-</u>	<u>164,240</u>	<u>164,240</u>	<u>-</u>
Total Income	<u>\$ 1,099,080</u>	<u>\$ 1,071,584</u>	<u>\$ 27,496</u>	<u>\$ 1,015,597</u>	<u>\$ 1,016,798</u>	<u>\$ (1,201)</u>

*Other Income is not included in the Nutrikids Sales Report - used the AFR as the Sales Report total

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

...

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

Cause

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

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the grant agreement and the reporting requirements.

Views of Responsible Officials

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

FINDING 2018-009

Subject: Title I Grants to Local Educational Agencies - Level of Effort - Maintenance of Effort, Reporting
Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): ESEA 2015-2016, ESEA 2016-2017,
ESEA 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Finding: Material Weakness

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; the Matching, Level of Effort, Earmarking compliance requirement; and the Reporting compliance requirement.

The financial information submitted by the School Corporation to the Indiana Department of Education through the Form 9 reports was used to calculate the School Corporation's level of effort as well as complete the State Per Pupil Expenditure Report.

The Form 9 reports were generated by the Treasurer. The School Corporation implemented a new software system in April 2016. While both the President of the School Board and Superintendent of Schools signed the Form 9 reports, there was no evidence of their review or other compensating control to detect errors in a timely manner.

Context

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

LAPORTE 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). . . ."

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement; the Matching, Level of Effort, Earmarking compliance requirement; and the Reporting compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement; the Matching, Level of Effort, Earmarking compliance requirement; and the Reporting compliance requirement.

Views of Responsible Officials

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

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

FINDING 2018-010

Subject: Title I Grants to Local Educational Agencies - Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): ESEA 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. There was no system of internal controls in place to ensure that journal entries were accurately recorded. One employee prepared and recorded journal entries without any oversight, review, or approval process to detect and correct errors.

One request for reimbursement was not supported by the School Corporation's records due to multiple journal entries and the ability to backdate transactions.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was an isolated incident. The School Corporation's financial software posted several payroll transactions in a subsequent and incorrect period, which required journal entries to correct the problem. Multiple journal entries were posted to the records. Some journal entries were posted at the time the problem was discovered, but others were posted after the request for reimbursement had been submitted. The journal entries made after the request were backdated to the period that the financial software posted incorrectly. The number of journal entries, combined with the ability to backdate them, produced School Corporation records that did not support the request for reimbursement.

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). . . ."

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

2 CFR 200.302(b) states in part:

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

...

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2018-011

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

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

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

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

The School Corporation did not ensure that there was written documentation retained from the receiving school for students removed from the cohort for mobility reasons.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. Of the 25 students tested, 4 did not have the required supporting documentation to substantiate removal from the cohort for mobility reasons.

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 200.19(b)(1)(ii)(b) states in part:

"To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. Noncompliance with the grant agreement and the Special Test and Provisions - Annual Report Card, High School Graduation Rate compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 2018-012

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost
Principles, Cash Management, Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-055-PN01, 14217-055-PN01,
45716-055-PN01, 45717-055-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles, Cash Management, Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition

The South LaPorte County Special Education Cooperative (Cooperative) was a planning district whose purpose was to provide free appropriate public education to students identified as disabled in accordance with state statute who were legal residents and/or have been accepted through means of open enrollment or other legal means of transfer to the participating, member school corporations in LaPorte County. The School Corporation was the administrator of this Cooperative. An effective internal control system was not in place at the School Corporation and at the Cooperative in order to ensure compliance with the grant agreement and the compliance requirements listed above.

The School Corporation prepared journal entries when an adjustment or transfer was necessary. One employee prepared the journal entries without any oversight, review, or approval process in place.

Health insurance costs were recorded in the grant funds annually. When the School Corporation's new software system was implemented in April 2016, the insurance costs were also recorded in the grant funds during each payroll. This resulted in duplicate health insurance costs recorded, and subsequently, reimbursed by the grantor agency for the months of April through September 2016. School Corporation officials created a journal entry to adjust for duplicate costs of \$154,803 on the August 2016 reimbursement request, which covered the months of April through August. Additional duplicate health insurance costs of \$26,616 were requested and reimbursed for September 2016. The duplicate costs for September 2016 were not adjusted on a subsequent reimbursement request.

Reimbursements of allowable expenditures of the 2016 preschool grant were received from the grantor agency. Subsequently, officials determined that the 2015 preschool grant had monies remaining so a portion of the 2016 grant costs were transferred to the 2015 preschool grant fund. School Corporation officials adjusted the 2016 grant reimbursement requests to avoid duplicate reimbursements. However, officials did not adjust the 2016 reimbursement requests for all of the transferred costs. There was an additional \$1,647 not included in an adjusted reimbursement request, which resulted in duplicated costs.

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

The duplicated costs of \$28,263, as detailed above, were considered questioned costs.

Context

The lack of controls was isolated to the journal entries. The noncompliance was isolated to the health insurance and preschool grant costs described in the *Condition*.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any 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 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuances or redemption of checks, warrants, or payment by other means. . . .

- (3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. . . ."

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

2 CFR 200.302(b) states in part:

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

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

Cause

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

Effect

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

Questioned Costs

Known questioned costs of \$28,263 were identified in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the grant agreement, Allowable Costs/Cost Principles, Cash Management, and Reporting 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 2018-013

Subject: Special Education Cluster (IDEA) - Earmarking and Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-055-PN01, 14217-055-PN01,
18611-055-PN01, 45716-055-PN01,
45717-055-PN01, 18619-055-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Findings: Material Weakness, Modified Opinion

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

Condition

The South LaPorte County Special Education Cooperative (Cooperative) was a planning district whose purpose was to provide free appropriate public education to students identified as disabled in accordance with state statute who were legal residents and/or have been accepted through means of open enrollment or other legal means of transfer to the participating, member school corporations in LaPorte County. The School Corporation was the administrator of this Cooperative. An effective internal control system was not in place at the School Corporation and at the Cooperative in order to ensure compliance with the grant agreement and the following compliance requirements:

Earmarking - Non-Public Proportionate Share

The School Corporation and the Cooperative did not retain the supporting documentation used to calculate the amount of special education and related services that were provided to students in nonpublic schools and facilities; therefore, we were unable to determine compliance with the earmarking requirements.

Reporting - Proportionate Share Monitoring Reports and Part B (611) Final Report

The School Corporation and the Cooperative did not retain the supporting documentation used to report the amount of special education and related services that were provided to students in nonpublic schools and facilities; therefore, we were unable to determine the accuracy of the reports.

Reporting - Part B (611) Final Report and Part B (619) Final Report

The Part B (611) Final Report for grant 14216-055-PN01 did not agree with the School Corporation's ledger. The amount reported for certified salaries was understated \$110,500 and employee benefits were overstated \$110,350, compared to the ledger. The Part B (619) Final Report for grant 45716-055-PN01 did not agree with the School Corporation's ledger. The amount reported for certified salaries was understated by \$2,375 and employee benefits were overstated by \$2,375, when compared to the ledger.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of adequate supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirements listed above.

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). . . ."

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

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools and facilities, must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools or facilities within its boundaries, is to the total number of students with disabilities of the same age range."

2 CFR 200.302(b) states in part:

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

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

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. . . ."

Cause

The School Corporation had not established a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

Effect

The failure to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls and retain adequate supporting documentation to ensure compliance with the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – PAGE 1

FINDING 2016-001 CASH AND INVESTMENT BALANCES

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056

Status of Audit Finding:

We are still in the process of correcting our true cash balances in our financial system mostly due to problems with our conversion that occurred in April 2016. Each month, the CFO and the Treasurer manually review the expenses and revenues. The Treasurer reviews the bank statements each month and receipts the interest earned and all online payments received into Skyward. She also enters the monthly bank service charge expense(s) into Skyward. Attempts at reconciling the bank statements have continuously been made over the last two+ years. However, during these attempts we discovered that we were provided incorrect information by our software provider's help line. That incorrect information also affected our cash balances. We were given instructions by Skyward to (1) inactivate accounts that were completed and (2) when completing a journal entry, we were told to use the Equity account as the offsetting account and that in Skyward would automatically update the Asset account. Both of these instructions played a big role in our cash balances being incorrect in Skyward. Once we inactivated an account in Skyward, that fund and all of its activity no longer appeared in any Skyward reporting. When we completed journal entries using the Equity as our offsetting account, it did not update the Asset account. In October 2018, we were given new information by Skyward that we should have been using the Asset account as the offsetting account and that would automatically update the Equity account. These factors are also the reason we had so many adjustments on all of our Form 9's since June 2016. Our Treasurer reprinted our last proven final cash balance report from our prior software provider as of March 31, 2016 and the receipt and expense reports by each fund and calendar year from our new software provider from April 1, 2016 to December 31, 2018 and created a spreadsheet with this information that would give us a true ending cash balance as of December 31, 2018. The ending funds and cash balance from the spreadsheet were the totals provided on our July 1, 2018 to December 31, 2018 Form 9. We were also in contact with Chase Lenon at the SBOA to explain our situation and to get authorization to correct our software to match our proven funds and cash balance. At the end of September 2018, we received permission from the SBOA to make any changes necessary in our system to reflect the true balances – dating them back to 1-1-18 - including those years that were already audited. In order to complete the correcting journal entries, we have had to identify each individual entry that needs correcting since April 2016. We are anticipating a completion date of these corrections to be by the end of January 2019. Once those are completed and verified in Skyward, we will be able to move forward with our bank reconciliations. Our goal is to have all of the reconciliations completed by June 30, 2019 providing there are no further complications within our software. LPCSC will resume the established internal controls procedure of the Treasurer reconciling the financial bank statements and the Lead Payroll Clerk reconciling the payroll bank statement then signing off with the CFO verifying the accuracy and initialing and dating the statement on a monthly basis.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – PAGE 2

FINDING 2016-001 CASH AND INVESTMENT BALANCES

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056



(Signature)

C.F.O.

(Title)

1-15-19

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

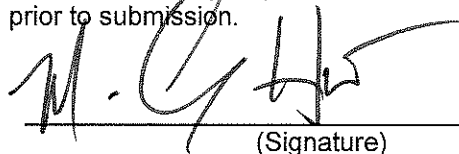
FINDING 2016-002: PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056

Status of Audit Finding:

Indiana Code 5-11-1-27 requires each political subdivision to maintain a system of internal controls to promote government accountability and transparency. The code requires that each political subdivision adopt minimum internal control standards as defined by the State Board of Accounts. The school corporation must ensure that personnel who will be handling funds must receive training concerning the internal control standards and procedures that are officially adopted. A resolution was adopted by LaPorte Community School Corporation's Board of Trustees at the June 13, 2016 meeting. The adoption of the resolution ensured that state statutes were upheld.

With any work in progress, procedures need to be reviewed and upon review, enhanced or changed based upon internal monitoring. A breakdown in the monitoring of the Special Education SEFA Report, as part of the Annual Financial Reporting in Gateway, produced inaccurate amounts within the report. For future internal controls purposes LaPorte Community School Corporation will add the following to the internal controls procedures: 1. The Chief Financial Officer, Treasurer, and Deputy Treasurer will read and sign-off on any state guidelines associated with the submission of the SEFA report. 2. The Chief Financial Officer, Treasurer, and Deputy Treasurer will sign the completed certificate that is mailed to the SBOA. By signing the guidelines, it will ensure that all parties associated with the submission of SEFA have read and understand the information to process and submit SEFA accurately. If clarification needs to be made, as it relates to the specifics of the report or submission, necessary steps can be taken to clarify. The signing of the certificate at the completion of the SEFA report will document that multiple eyes have reviewed the report prior to submission through Gateway. This will allow for any inaccuracies to be caught and corrected prior to submission.



(Signature)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003: CASH MANAGEMENT

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: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056

Status of Audit Finding:

LPCSC has purchased kitchen equipment for the new Handley Elementary School and the new Intermediate Campus schools which have totaled approximately \$1,263,043. Since we began the bidding and purchase order process and installation of the new equipment in mid-2017, we have paid \$862,661 thus far and another invoice in the amount of \$266,347 will be paid in January 2019 from our Food Service fund. As work is completed at the new Intermediate building, the remainder of the invoices will also be paid, thus bringing our operating balance down.

Our Food Service staff was given raises to help offset the excess operating balance. In January 2017 they received a 3% raise. In January 2018, LPCSC began paying for their mandatory employee 3% portion of PERF and in January 2019 they received another 1% raise.

The addition of fresh fruits and vegetables to our menu and LPCSC paying for the remaining balance of the approved reduced student lunches has also aided in bringing our operating balance down each year.

We added the required 8400 Prepaid Clearing fund. Since establishing that fund, our Food Service daily deposits are able to be broken down by what was received in prepaid funds and what was actually received and used. Our Food Service office sends a copy of that breakdown along with the bank deposit receipts to the Corporation Treasurer which is then able to receipt the amounts into the proper funds. In June 2017 we transferred the remaining amount of prepaid account balances (to the best of our knowledge) from the Food Service fund 0800 into fund 8400. Each month thereafter, we continue to receive a report from our Food Service office that provides us with the monthly amount of prepaid student and adult usage and we use that information to transfer the appropriate revenue into Fund 0800.



(Signature)

C.F.O.

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1-15-19

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-004: EQUIPMENT AND REAL PROPERTY MANAGEMENT

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056

Status of Audit Finding:

LPCSC had Industrial Appraisal Company conduct an on-site inspection of physical assets that exceed the capitalization threshold of \$5,000 (tag those assets), an appraisal of our buildings, site improvements (insurable and uninsurable), fixed and movable equipment associated with each property location. The on-site appraisal began at almost all of our buildings on July 31, 2017 and was completed on August 8, 2017. The locations included were: Educational Service Center, Support Services Building, LaPorte High School (*excluding the Performing Arts Center*), Schreiber Field, Kesling Middle School, Crichfield, Hailmann, Indian Trail, Kingsbury, Kingsford Heights, Lincoln and Riley Elementary Schools, Transportation Bus Garage and Kiwanis Field and its respective buildings. Facilities that were not included in the July 31, 2017 appraisal was the Performing Arts Center at LaPorte High School, Handley Elementary and Boston Middle School. Construction of a new Performing Arts Center and a new Handley Elementary School was underway during that time. However, after the construction was complete, Industrial Appraisal returned on December 17, 2018 to conduct an on-site inspection and appraisal of those facilities. The LaPorte Intermediate Schools construction completion date is anticipated to be in the summer of 2019 and the renovation of Boston Middle School is expected to be completed in 2020. As the construction projects are completed, Industrial Appraisal will return to inspect and appraise those facilities.

We have received the GASB 34 form, the Indiana Form 369, an Insurance Summary Report and a Property Inventory and Accounting Record for everything they have inspected thus far.

Following our past procedures, the Deputy Treasurer will update the appraisal and property lists as needed and submit them to Industrial Appraisal (or another outside agency) to record those changes each year.



(Signature)

C.F.O.

(Title)

1-15-19

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-005: PROGRAM INCOME

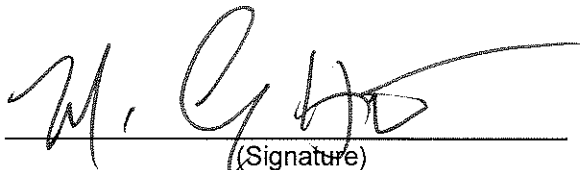
Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056

Status of Audit Finding:

Internal controls have been established in regards to receipting the student prepaid funds into a separate fund and is reflected in the LPCSC Internal Controls Manual. LPCSC added the required 8400 Prepaid Clearing fund to our accounting system in June 2017. At that time, we transferred the remaining amount of prepaid account balances that were in the Food Service Fund 0800 to the new Prepaid Clearing Fund 8400.

Daily Food Service deposits are made at the bank and a copy of the bank receipt and an internal distribution form is completed and sent to the Corporation Treasurer to receipt into the financial software to its respective fund and account numbers. A copy of the financial receipt is sent back to the Food Service office to keep with their records and to verify that they were receipted into the proper accounts.

Beginning with August 2017 and after the end of each month thereafter, the Food Service office sends a monthly report from NutriKids to the Corporation Treasurer. The report contains the dollar amounts used during that month from prepaid student and adult lunch, breakfast and ala-cart funds. The Corporation Treasurer transfers the respective amounts of used prepaid funds from fund 8400 to fund 0800 which then can be identified as program income/revenue to Food Service.



(Signature)

C.F.O.

(Title)

1-15-19

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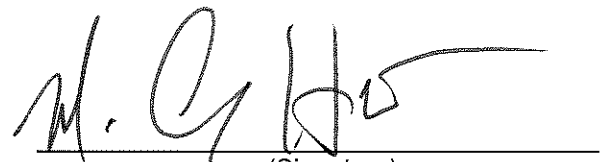
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-006: PROCUREMENT, SUSPENSION, AND DEBARMENT

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056

Status of Audit Finding:

LPCSC has a system in place to check for suspension and debarment for our Federal Programs. Each purchase made using funds from our Food Service Department are ran through www.sams.gov by the Food Service secretary prior to placing an order. A copy of that report is attached to each purchase order or claim before being submitted to the Accounts Payable Department at the Corporation Office. The Corporation Grants and Testing Coordinator completes the same process before submitting anything to the Accounts Payable Department. The head of our Accounts Payable Department double checks to ensure that a copy of the report from sams.gov is attached and that the vendor is not on the suspension and debarment list. If a copy of this report is not attached when the Accounts Payable Department receives the purchase order or claim, the paperwork is returned to the respective department to have them complete the sams.gov process. After these steps are complete, the purchase order or claim is then processed.



(Signature)

C.F.O.

(Title)

1-15-19

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-007: INTERNAL CONTROLS OVER SPECIAL TESTS AND PROVISIONS – SCHOOLWIDE PROGRAMS

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Greg Hunt, C.F.O.
Contact Phone Number: (219) 362-7056

Status of Audit Finding:

LPCSC is utilizing the September 15th deadline that has been set forth by the State, to update our Schoolwide Plans for our Title I Federal Program. The Assistant Superintendent of Elementary Education is verifying that plans are updated in a timely manner and that the most current information included in the plan. Plans are submitted to the Assistant Superintendent and it is also verified for completion and accuracy by the LPCSC Grant and Testing Coordinator.



(Signature)

C.F.O.

(Title)

1-15-19

(Date)

1921 'A' Street, LaPorte, IN 46350 Ph. (219) 362-7056 Fax (219) 324-1398

"Learn Today to Excel Tomorrow"



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FINDING 2018-001

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

Views of Responsible Official:

We concur with most of the finding. The financial software system was not accurate as a result of incorrect financial information being brought forward through conversion and misguidance from our software provider on how to enter a journal entry. Receipts and disbursements were posted correctly. Only the journal entries were incorrect prior to October 2018. Since the first Form 9 that was generated after the April 2016 conversion, LaPorte Community School Corporation has worked with the financial software supplier as well as SBOA to rectify the incorrect financial data. Journal entries were conducted to correct the data. As of March of 2019, all corrections have been made with the exception of the 8010 clearing fund which is still a work in progress. Through several tests, we believe that accuracy has been determined. Bank reconciliations for the corporation bank account had been completed for the months of April-September 2016 but were never requested. We do not believe that the record differences stated in the finding as of June 2017 and June 2018 are accurate.

Description of Corrective Action Plan:

LaPorte Community School Corporation has established internal controls to ensure that financial transactions and reporting are accurate. Now that the financial records have been corrected in the software system, we are able to resume our reconciliations. All journal entries will be completed by the Treasurer or Deputy Treasurer and will be reviewed and signed by each other and the CFO if needed. Beginning on January 1, 2019 we started this process and will continue to do so. Financial statements will be reviewed and signed-off by the Deputy Treasurer, Treasurer, and the CFO for accuracy prior to submission. There will no longer be back dating and duplication of transaction numbers.

Anticipated Completion Date:

Bank Reconciliations – December 31, 2019
Journal Entries – January 1, 2019
Back Dating – January 1, 2019



(Signature)
CFO

(Title)
4/16/19

(Date)

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
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Mr. Jim Arnold, Member

FINDING 2018-002

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:

The accuracy of the financial software has been established. Therefore, the financial information for the preparation of the SEFA is accurate which will result in accurate reporting. In addition, three people will be included in the internal controls for the preparation of the SEFA. The Deputy Treasurer, Treasurer, and CFO will review the SEFA report prior to submission on Gateway. Each will sign-off on the report upon completion of the review. The certification document will be kept on file.

Anticipated Completion Date:
June 30, 2019



(Signature)


(Title)


(Date)

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
Mr. Steven R. Manering, Assistant Superintendent Elementary Education
Mr. M. Greg Hunt, Chief Financial Officer

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Mr. Jim Arnold, Member


FINDING 2018-003


Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

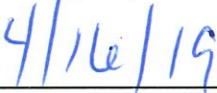
Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:
LaPorte Community School Corporation has contracted with a third-party appraisal company to perform an on-site audit and listing of all equipment housed at LaPorte Community School Corporation that exceeds the \$5,000 threshold. The listing of capital assets will be reconciled by the LPCSC Business Office and documented for verification. Moving forward, when a claim is submitted for payment on equipment that exceeds the threshold, a form will be completed and attached to the claim that will include all necessary information to update the capital asset list.

Anticipated Completion Date:
June 30, 2019



(Signature)


(Title)


(Date)

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FINDING 2018-004: Child Nutrition Cluster - Program

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

Views of Responsible Official:

We concur with the finding. However, please note that our last SBOA audit was not completed until June 2017 and a portion of this repeat finding regarding establishing the Prepaid Food Service account and recording the prepayments into that fund overlaps this audit period. Immediately following the prior audit, the Prepaid Food Service account was established and the daily breakfast and lunch collections were receipted into the correct accounts. It was the monthly online credit card payments that were receipted into the School Lunch Fund in error. Our internal controls process did detect the erroneous recordings into the School Lunch fund instead of the Prepaid Food Service fund. This was corrected prior to the audit.

Description of Corrective Action Plan:

Internal controls have been established and are in place for the accuracy of the daily deposits and monthly transfers of the breakfast and lunch sales into the respective funds. Beginning with the 2017-2018 school year, the Treasurer receives a monthly report from the Food Service department that provides the amount of breakfast, lunch and ala cart prepaid funds were used during the month. The Treasurer completes a journal entry to transfer the dollar amounts from the Prepaid Food Service account into the respective School Lunch Fund accounts. The Deputy Treasurer reviews and signs the journal entry and a copy of each month's journal entry is sent to the Food Service Department for their records and review. The journal entry and backup documentation is also kept at the corporation office.

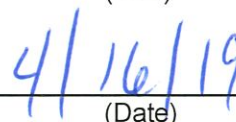
Anticipated Completion Date:
November 30, 2018



(Signature)



(Title)



(Date)

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FINDING 2018-005

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056


Views of Responsible Official:
We concur with the finding.


Description of Corrective Action Plan:

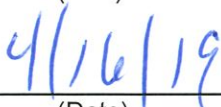
The practice of random testing for the accuracy of the data for direct certification, within the food service software, began in fall of 2018 and is conducted on a quarterly basis. Upon completion of the tests, the Food Service Secretary and the Director of Food Service review the results of the test and both will sign and date to provide documentation that the tests were conducted. Documentation will be kept on file at the office of Food Service.

The Paid Lunch Equity calculation will be reviewed by both the Director of Food Service and the Administrative Assistant for Food Service. Both will sign the document as documentation of review.

Anticipated Completion Date:
Special Tests and Provisions – September 1, 2018
Paid Lunch Equity – May 1, 2019



(Signature)


(Title)


(Date)

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Mr. Jim Arnold, Member

FINDING 2018-006

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

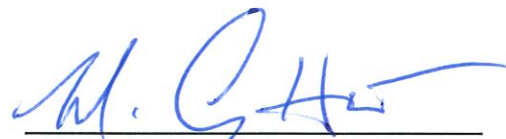
Views of Responsible Official:

We concur with the finding. (Note –verification cannot be located to prove that proper permission from the Federal Pass-through agency was granted prior to the purchase of equipment. The former Director of Food Service did seek approval prior to proceeding with the purchase. Purchasing food service equipment was part of the Corrective Action Plan to reduce to a three-month operating balance as prescribed by the federal guidelines.)

Description of Corrective Action Plan:

Any purchase of Food Service Equipment that exceeds the \$5000 threshold will seek prior approval from the Federal pass-through agency. Written verification of approval will be kept on file, along with signatures from the Director of Food Service and CFO. The verification will be attached to all documents associated with the purchase of equipment.

Anticipated Completion Date:
September 1, 2018



(Signature)

CFO

(Title)

4/16/19

(Date)

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
Mr. Steven R. Manering, Assistant Superintendent Elementary Education
Mr. M. Greg Hunt, Chief Financial Officer

Board of School Trustees

Mrs. Shannon Hannon, President
Mrs. Marie Gilliland, Vice President
Mrs. Rhonda Spence, Secretary
Mr. Mark Kosior, Member
Mrs. Jan Ribordy, Member
Mrs. Shari Ott-Large, Member
Mr. Jim Arnold, Member

FINDING 2018-007

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:

Internal controls are in place where the information is retained in paper form as well as in electronic form on the Food Service Department shared drive.

Anticipated Completion Date:
September 1, 2018



(Signature)



(Title)



(Date)

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
Mr. Steven R. Manering, Assistant Superintendent Elementary Education
Mr. M. Greg Hunt, Chief Financial Officer

Board of School Trustees

Mrs. Shannon Hannon, President
Mrs. Marie Gilliland, Vice President
Mrs. Rhonda Spence, Secretary
Mr. Mark Kosior, Member
Mrs. Jan Ribordy, Member
Mrs. Shari Ott-Large, Member
Mr. Jim Arnold, Member

FINDING 2018-008


Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:

Prior to submitting the Annual Financial Report for Child Nutrition, the Food Service Secretary, the Director of Food Service, the LPCSC Treasurer, and the CFO will review and sign-off on the document. This will ensure the accuracy of the Annual Financial Report as it relates to Child Nutrition.

Anticipated Completion Date:
June 30, 2019



(Signature)

CFO

(Title)

4/16/19

(Date)

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
Mr. Steven R. Manering, Assistant Superintendent Elementary Education
Mr. M. Greg Hunt, Chief Financial Officer

Board of School Trustees
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Mrs. Marie Gilliland, Vice President
Mrs. Rhonda Spence, Secretary
Mr. Mark Kosior, Member
Mrs. Jan Ribordy, Member
Mrs. Shari Ott-Large, Member
Mr. Jim Arnold, Member


FINDING 2018-009:

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:
The inaccuracies in our Form 9 have been corrected in our software and moving forward our Form 9's will have the correct amounts. The Deputy Treasurer, Treasurer, and CFO will review and document review of Form 9 for accuracy as it relates to Title I reporting.

Anticipated Completion Date:
June 30, 2019



(Signature)
CFO

(Title)
4/16/19

(Date)

Board of School Trustees

Mrs. Shannon Hannon, President
Mrs. Marie Gilliland, Vice President
Mrs. Rhonda Spence, Secretary
Mr. Mark Kosior, Member
Mrs. Jan Ribordy, Member
Mrs. Shari Ott-Large, Member
Mr. Jim Arnold, Member

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
Mr. Steven R. Manering, Assistant Superintendent Elementary Education
Mr. M. Greg Hunt, Chief Financial Officer

FINDING 2018-010

Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056

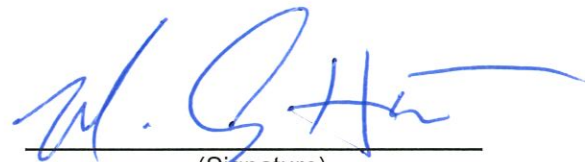
Views of Responsible Official:

We concur with the finding, however, the internal controls that we had in place was how we detected the inaccurate payroll transactions. At the time of this isolated incident, we were still learning our new software system and did not fully understand how the system posted certain payroll modifications or corrections. After we discovered the error, we contacted our software provider to assist us in correcting the transactions. Due to the fact that the original posting date and the correction dates crossed between calendar year's, the system appeared to look like the entries posted twice to the grant. However, because our software allowed payroll to backdate their corrections to a different calendar year, it appeared as though the original posting was never corrected. The journal entries that we entered did correct the equity and asset balance but the reimbursement reports still reflect a duplicate posting during the audit. We were able to provide an asset report to show that we did not spend more than we were awarded and we did not ask for reimbursement for more than we spent. Our software provider is still trying to find a way to fix this issue.

Description of Corrective Action Plan:

Our payroll department is watching their posting dates very carefully. When the Deputy Treasurer prints the reports for the monthly reimbursement requests, she is now extending the dates on the report to ensure that there has been nothing posted to a prior time frame as well as nothing posting to a later time frame. The Treasurer is also reviewing the reports before they are submitted for reimbursement. Our Grants and Testing Coordinator is monitoring each payroll by viewing her detailed reports.

Anticipated Completion Date:
May 1, 2019



(Signature)
CFO

(Title)
4/16/19

(Date)

Board of School Trustees
Mrs. Shannon Hannon, President
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Mr. Mark Kosior, Member
Mrs. Jan Ribordy, Member
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Mr. M. Greg Hunt, Chief Financial Officer

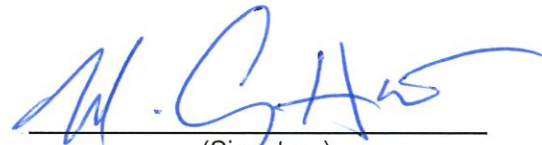
FINDING 2018-011

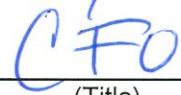
Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056


Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:
LaPorte High School requested an audit for the numbers being reported for the graduation rate and the number of students who were withdrawing from school. Through this process, protocol was established to accurately report the students were being withdrawn. A form is in place at the high school that is completed each time a student withdraws. This is reviewed by the high school Principal, the Assistant Principals, and the Registrar.

Anticipated Completion Date:
August 1, 2019



(Signature)


(Title)


(Date)

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
Mr. Steven R. Manering, Assistant Superintendent Elementary Education
Mr. M. Greg Hunt, Chief Financial Officer

Board of School Trustees

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Mr. Mark Kosior, Member
Mrs. Jan Ribordy, Member
Mrs. Shari Ott-Large, Member
Mr. Jim Arnold, Member

FINDING 2018-012


Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056


Views of Responsible Official:
We concur with the finding.

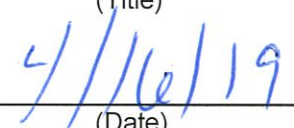
Description of Corrective Action Plan:

Due to the new financial software automatically charging health insurance costs, when it should not have, our reimbursements were affected by this issue. automatic charge was turned off, so it would not be an issue moving forward. The total reimbursement request for the year was reconciled and corrected. Prior to the end of each month, the Deputy Treasurer will review her expenditure reports which includes payroll and accounts payable. If any corrections are needed, they are then able to be completed before month end and before the reimbursement requests are submitted.

Anticipated Completion Date:
May 1, 2019



(Signature)


(Title)


(Date)

Mr. Mark D. Francesconi, Superintendent
Dr. Jane Larson, Assistant Superintendent Secondary Education
Mr. Steven R. Manering, Assistant Superintendent Elementary Education
Mr. M. Greg Hunt, Chief Financial Officer

FINDING 2018-013


Contact Person Responsible for Corrective Action: Greg Hunt, Chief Financial Officer
Contact Phone Number: (219) 362-7056


Views of Responsible Official:
We concur with the finding.


Description of Corrective Action Plan:

1. Each staff keeps track of the time spent on duties with the Non-public School(s). Only staff paid from federal grant or partially from federal grant - Part B and Preschool.
2. Time and Effort Logs are filled out and turned in monthly by staff and reviewed.
3. The percentage that is needed and the dollar amount is prefigured in the grant per the student count for each district.
4. A spreadsheet with the hourly amounts is kept which includes benefits.
5. Double check with payroll for each quarter. (We receive the payroll check history report. This has the amount that staff is paid each quarter.
6. Each person's amount for the month is then calculated again for verification.
7. All salaries and benefits are added together to equal the amount for the quarter.
8. Proportionate share forms are filled out, and double checked for each district with the Special Education Director's Administrative Assistant.
9. Forms are taken to the CFO for review.
10. Forms are signed by the CFO and the Special Education Director.

Anticipated Completion Date:
May 1, 2019



(Signature)


(Title)


(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/>.