

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

BLACKFORD COUNTY SCHOOLS  
BLACKFORD COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
06/07/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Randi L. Libby (Vacant) Greg B. Elkins	07-01-16 to 05-25-17 05-26-17 to 08-13-17 08-14-17 to 06-30-19
Superintendent of Schools	Scot D. Croner Chad A. Yencer	07-01-16 to 06-30-17 07-01-17 to 06-30-19
President of the School Board	Philip N. Jones	01-01-16 to 12-31-19



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Blackford County Schools (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, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

May 13, 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 BLACKFORD COUNTY SCHOOLS, BLACKFORD 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 Blackford County Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated May 13, 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**

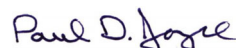
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 items 2018-001 and 2018-002.

**Blackford County Schools' 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

May 13, 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.

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

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 3,531,600	\$ 11,671,281	\$ 10,932,966	\$ -	\$ 4,269,915	\$ 11,767,155	\$ 11,299,377	\$ -	\$ 4,737,693
Debt Service	1,278,826	2,371,257	2,915,360	(102,970)	631,753	2,348,365	2,454,230	-	525,888
Retirement/Severance Bond Debt Service	338,812	325,257	507,534	(14,203)	142,332	226,752	334,083	-	35,001
Capital Projects	344,865	1,249,905	1,131,518	(66,665)	396,587	1,222,202	834,850	-	783,939
School Transportation	275,014	837,313	644,915	(38,444)	428,968	781,336	701,133	-	509,171
School Bus Replacement	181,004	244,046	225,571	(11,718)	187,761	226,533	231,509	-	182,785
Rainy Day	35,031	-	-	234,000	269,031	-	234,000	-	35,031
School Lunch	693,555	677,128	1,009,150	-	361,533	1,107,943	851,589	-	617,887
Textbook Rental	305,712	186,616	306,958	-	185,370	179,737	304,161	-	60,946
Levy Excess	1,440	-	-	-	1,440	-	-	-	1,440
Educational License Plates	2,421	56	380	-	2,097	113	95	-	2,115
Alternative Education	8,462	7,826	-	-	16,288	10,770	-	-	27,058
Gina Kane Memorial	-	5,191	4,568	-	623	-	-	-	623
Back to School Carnival	-	-	-	-	-	1,968	-	-	1,968
BDDF - Early Kindergarten	(359)	-	(359)	-	-	-	-	-	-
BHS MFG Grant Donation	-	10,000	-	-	10,000	-	10,000	-	-
BCCF/K-3 Techno	30,000	-	24,551	-	5,449	-	-	-	5,449
Community Foundation Google VR Kits	-	7,500	7,500	-	-	-	-	-	-
Red Ribbon Week	-	6,000	5,700	-	300	-	-	-	300
BCCF - Comp Lit	2,500	-	-	-	2,500	-	-	-	2,500
WOW Grant	-	1,000	495	-	505	-	552	-	(47)
Wellness Program	3,085	6,300	3,526	-	5,859	5,560	6,136	-	5,283
BCCF - MS Meet Teacher	2,284	-	-	-	2,284	-	-	-	2,284
Econ. Development Donation	(99)	-	(99)	-	-	-	-	-	-
Camp Invention	5,000	5,350	4,625	-	5,725	5,250	5,745	-	5,230
Insurance	-	30,000	2,473	-	27,527	-	23,487	-	4,040
Mentoring Moms	1,866	-	-	-	1,866	-	-	-	1,866
Miscellaneous Programs	15,708	-	15,708	-	-	-	-	-	-
CAPE Carryover	1,098	-	-	-	1,098	-	-	-	1,098
Formative Assessment	-	22,504	17,920	-	4,584	20,678	15,620	-	9,642
High Ability 2016-2017	-	31,523	13,388	-	18,135	-	18,135	-	-
High Ability 2017-2018	-	-	-	-	-	31,300	12,262	-	19,038
Gifted and Talented 14-15	1,340	-	-	-	1,340	-	-	-	1,340
Teacher Quality Improvement Program	22,401	-	22,305	-	96	-	-	-	96
Secured Schools Safety Grant	(51,285)	72,067	57,515	-	(36,733)	-	37,197	-	(73,930)

BLACKFORD COUNTY SCHOOLS  
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
Non-English Speaking Programs	3,217	-	-	-	3,217	-	-	-	3,217
NESP 2016-2017	-	3,400	-	-	3,400	-	-	-	3,400
NESP 2017-2018	-	-	-	-	-	3,500	830	-	2,670
School Technology	2,082	20,534	17,600	-	5,016	7,770	6,543	-	6,243
Career and Technical Performance Grant	-	15,141	809	-	14,332	-	14,428	-	(96)
Innovative School Improvement Grant	-	19,113	17,440	-	1,673	26,152	36,490	-	(8,665)
Title I 2016-2017	-	279,494	298,259	-	(18,765)	107,636	87,972	-	899
Title I 2017-2018	-	-	-	-	-	290,132	308,943	-	(18,811)
Title I 2015-2016	(66,989)	122,128	55,139	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(247,073)	299,684	51,757	-	854	-	854	-	-
IDEA Part B 2016-2017	-	234,061	464,171	-	(230,110)	265,219	43,504	-	(8,395)
IDEA Part B 2017-2018	-	-	-	-	-	395,794	468,787	-	(72,993)
IDEA Preschool 2016-2017	-	-	8,640	-	(8,640)	8,640	10,678	-	(10,678)
IDEA Preschool 2017-2018	-	-	-	-	-	7,574	16,380	-	(8,806)
Career Incentive	-	-	5,000	-	(5,000)	-	-	-	(5,000)
CTE/DWD Incentive Grant 17-18	-	-	-	-	-	3,789	-	-	3,789
PCTE Perkins Rural Equipment Grant	-	1,564	8,943	-	(7,379)	9,380	2,001	-	-
15-16 Perkins	(431)	-	(431)	-	-	-	-	-	-
Perkins 2016-2017	-	15,118	14,848	-	270	-	1,551	-	(1,281)
Perkins 2017-2018	-	-	-	-	-	15,055	16,927	-	(1,872)
Medicaid Reimbursement - Federal	14,285	61,468	48,152	-	27,601	86,209	54,390	-	59,420
Title II 2014-16	(1,571)	12,818	11,247	-	-	-	-	-	-
Title II 2015-17	(4,553)	34,336	34,616	-	(4,833)	86,202	32,314	-	49,055
Title II 2016-2018	-	-	16,307	-	(16,307)	-	(16,307)	-	-
Title II 2017-2019	-	-	-	-	-	41,063	46,598	-	(5,535)
Title IV 14-15 RLIS	(3,123)	3,123	-	-	-	-	-	-	-
RLIS 15-17	(6,778)	17,468	20,946	-	(10,256)	4,437	(5,819)	-	-
RLIS 17-19	-	-	-	-	-	7,404	8,694	-	(1,290)
Title III - English Proficiency Migrant	892	-	-	-	892	-	-	-	892
Clearing Accounts	187,461	5,877,416	5,647,552	-	417,325	5,931,586	6,223,221	-	125,690
Totals	<u>\$ 6,907,700</u>	<u>\$ 24,784,986</u>	<u>\$ 24,575,163</u>	<u>\$ -</u>	<u>\$ 7,117,523</u>	<u>\$ 25,233,204</u>	<u>\$ 24,733,140</u>	<u>\$ -</u>	<u>\$ 7,617,587</u>

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

BLACKFORD COUNTY SCHOOLS  
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.

BLACKFORD COUNTY SCHOOLS  
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.

BLACKFORD COUNTY SCHOOLS  
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.

BLACKFORD COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching

BLACKFORD COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Disbursements**

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

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursement for the expenditures made by the School Corporation were not received by June 30, 2017 and 2018.

**Note 9. Holding Corporation**

The School Corporation has entered into a capital lease with Blackford County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years ending June 30, 2017 and 2018, totaled \$2,911,000 and \$2,684,500, respectively.

BLACKFORD COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 10. Subsequent Event**

In September 2018, the School Corporation entered into a \$6,066,000 lease with Blackford County School Building Corporation. Lease payments begin on June 30, 2019, and run through December 31, 2027.

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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.

BLACKFORD COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,531,600	\$ 1,278,826	\$ 338,812	\$ 344,865	\$ 275,014	\$ 181,004	\$ 35,031	\$ 693,555	\$ 305,712
Receipts:									
Local sources	53,876	2,371,257	325,257	1,249,905	837,313	244,046	-	71,978	110,138
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	11,543,242	-	-	-	-	-	-	7,344	76,478
Federal sources	67,243	-	-	-	-	-	-	597,582	-
Other	6,920	-	-	-	-	-	-	224	-
Total receipts	11,671,281	2,371,257	325,257	1,249,905	837,313	244,046	-	677,128	186,616
Disbursements:									
Instruction	6,393,001	-	-	-	-	-	-	-	-
Support services	4,350,171	-	-	1,051,144	644,915	225,571	-	67,658	306,958
Noninstructional services	189,794	-	-	-	-	-	-	941,492	-
Facilities acquisition and construction	-	-	-	80,374	-	-	-	-	-
Debt service	-	2,915,360	507,534	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	10,932,966	2,915,360	507,534	1,131,518	644,915	225,571	-	1,009,150	306,958
Excess (deficiency) of receipts over disbursements	738,315	(544,103)	(182,277)	118,387	192,398	18,475	-	(332,022)	(120,342)
Other financing sources (uses):									
Transfers in	-	1,000	-	63,335	41,556	12,282	234,000	-	-
Transfers out	-	(103,970)	(14,203)	(130,000)	(80,000)	(24,000)	-	-	-
Total other financing sources (uses)	-	(102,970)	(14,203)	(66,665)	(38,444)	(11,718)	234,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	738,315	(647,073)	(196,480)	51,722	153,954	6,757	234,000	(332,022)	(120,342)
Cash and investments - ending	\$ 4,269,915	\$ 631,753	\$ 142,332	\$ 396,587	\$ 428,968	\$ 187,761	\$ 269,031	\$ 361,533	\$ 185,370

BLACKFORD COUNTY SCHOOLS  
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	Levy Excess	Educational License Plates	Alternative Education	Gina Kane Memorial	Back to School Carnival	BDDF - Early Kindergarten	BHS MFG Grant Donation	BCCF/K-3 Techno	Community Foundation Google VR Kits
Cash and investments - beginning	\$ 1,440	\$ 2,421	\$ 8,462	\$ -	\$ -	\$ (359)	\$ -	\$ 30,000	\$ -
Receipts:									
Local sources	-	-	-	5,191	-	-	10,000	-	7,500
Intermediate sources	-	56	-	-	-	-	-	-	-
State sources	-	-	7,826	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	56	7,826	5,191	-	-	10,000	-	7,500
Disbursements:									
Instruction	-	-	-	4,568	-	(359)	-	24,551	7,500
Support services	-	380	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	380	-	4,568	-	(359)	-	24,551	7,500
Excess (deficiency) of receipts over disbursements	-	(324)	7,826	623	-	359	10,000	(24,551)	-
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	-	(324)	7,826	623	-	359	10,000	(24,551)	-
Cash and investments - ending	\$ 1,440	\$ 2,097	\$ 16,288	\$ 623	\$ -	\$ -	\$ 10,000	\$ 5,449	\$ -

BLACKFORD COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2017

	Red Ribbon Week	BCCF - Comp Lit	WOW Grant	Wellness Program	BCCF - MS Meet Teacher	Econ. Development Donation	Camp Invention	Insurance	Mentoring Moms
Cash and investments - beginning	\$ -	\$ 2,500	\$ -	\$ 3,085	\$ 2,284	\$ (99)	\$ 5,000	\$ -	\$ 1,866
Receipts:									
Local sources	6,000	-	1,000	6,300	-	-	5,350	30,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	6,000	-	1,000	6,300	-	-	5,350	30,000	-
Disbursements:									
Instruction	-	-	495	100	-	(99)	-	-	-
Support services	5,700	-	-	3,426	-	-	4,625	2,473	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	5,700	-	495	3,526	-	(99)	4,625	2,473	-
Excess (deficiency) of receipts over disbursements	300	-	505	2,774	-	99	725	27,527	-
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	300	-	505	2,774	-	99	725	27,527	-
Cash and investments - ending	\$ 300	\$ 2,500	\$ 505	\$ 5,859	\$ 2,284	\$ -	\$ 5,725	\$ 27,527	\$ 1,866

BLACKFORD COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Miscellaneous Programs	CAPE Caryover	Formative Assessment	High Ability 2016-2017	High Ability 2017-2018	Gifted and Talented 14-15	Teacher Quality Improvement Program	Secured Schools Safety Grant
Cash and investments - beginning	\$ 15,708	\$ 1,098	\$ -	\$ -	\$ -	\$ 1,340	\$ 22,401	\$ (51,285)
Receipts:								
Local sources	-	-	-	-	-	-	-	72,067
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	22,504	-	-	-	-	-
Federal sources	-	-	-	31,523	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	22,504	31,523	-	-	-	72,067
Disbursements:								
Instruction	15,708	-	17,920	13,388	-	-	17,828	-
Support services	-	-	-	-	-	-	4,477	57,515
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	15,708	-	17,920	13,388	-	-	22,305	57,515
Excess (deficiency) of receipts over disbursements	(15,708)	-	4,584	18,135	-	-	(22,305)	14,552
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	(15,708)	-	4,584	18,135	-	-	(22,305)	14,552
Cash and investments - ending	\$ -	\$ 1,098	\$ 4,584	\$ 18,135	\$ -	\$ 1,340	\$ 96	\$ (36,733)

BLACKFORD COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Non-English Speaking Programs	NESP 2016-2017	NESP 2017-2018	School Technology	Career and Technical Performance Grant	Innovative School Improvement Grant	Title I 2016-2017	Title I 2017-2018
Cash and investments - beginning	\$ 3,217	\$ -	\$ -	\$ 2,082	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	20,534	15,141	19,113	-	-
Federal sources	-	3,400	-	-	-	-	279,494	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	3,400	-	20,534	15,141	19,113	279,494	-
Disbursements:								
Instruction	-	-	-	14,500	809	6,557	68,512	-
Support services	-	-	-	3,100	-	10,883	229,747	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	17,600	809	17,440	298,259	-
Excess (deficiency) of receipts over disbursements	-	3,400	-	2,934	14,332	1,673	(18,765)	-
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	-	3,400	-	2,934	14,332	1,673	(18,765)	-
Cash and investments - ending	\$ 3,217	\$ 3,400	\$ -	\$ 5,016	\$ 14,332	\$ 1,673	\$ (18,765)	\$ -

BLACKFORD COUNTY SCHOOLS  
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	Title I 2015-2016	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA Part B 2016-2017	IDEA Part B 2017-2018	IDEA Preschool 2016-2017	IDEA Preschool 2017-2018	Career Incentive	CTE/DWD Incentive Grant 17-18
Cash and investments - beginning	\$ (66,989)	\$ (247,073)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	122,128	299,684	234,061	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	122,128	299,684	234,061	-	-	-	-	-
Disbursements:								
Instruction	16,831	51,757	462,468	-	8,640	-	-	-
Support services	38,308	-	1,703	-	-	-	5,000	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	55,139	51,757	464,171	-	8,640	-	5,000	-
Excess (deficiency) of receipts over disbursements	66,989	247,927	(230,110)	-	(8,640)	-	(5,000)	-
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	66,989	247,927	(230,110)	-	(8,640)	-	(5,000)	-
Cash and investments - ending	\$ -	\$ 854	\$ (230,110)	\$ -	\$ (8,640)	\$ -	\$ (5,000)	\$ -

BLACKFORD COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	PCTE Perkins Rural Equipment Grant	15-16 Perkins	Perkins 2016-2017	Perkins 2017-2018	Medicaid Reimbursement - Federal	Title II 2014-16	Title II 2015-17	Title II 2016-2018
Cash and investments - beginning	\$ -	\$ (431)	\$ -	\$ -	\$ 14,285	\$ (1,571)	\$ (4,553)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	1,564	-	15,118	-	61,468	12,818	34,336	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,564</u>	<u>-</u>	<u>15,118</u>	<u>-</u>	<u>61,468</u>	<u>12,818</u>	<u>34,336</u>	<u>-</u>
Disbursements:								
Instruction	8,943	(431)	14,848	-	-	1,781	34,616	16,307
Support services	-	-	-	-	48,152	9,466	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>8,943</u>	<u>(431)</u>	<u>14,848</u>	<u>-</u>	<u>48,152</u>	<u>11,247</u>	<u>34,616</u>	<u>16,307</u>
Excess (deficiency) of receipts over disbursements	<u>(7,379)</u>	<u>431</u>	<u>270</u>	<u>-</u>	<u>13,316</u>	<u>1,571</u>	<u>(280)</u>	<u>(16,307)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,379)</u>	<u>431</u>	<u>270</u>	<u>-</u>	<u>13,316</u>	<u>1,571</u>	<u>(280)</u>	<u>(16,307)</u>
Cash and investments - ending	<u>\$ (7,379)</u>	<u>\$ -</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 27,601</u>	<u>\$ -</u>	<u>\$ (4,833)</u>	<u>\$ (16,307)</u>

BLACKFORD COUNTY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Title II 2017-2019	Title IV 14-15 RLIS	RLIS 15-17	RLIS 17-19	Title III - English Proficiency Migrant	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ (3,123)	\$ (6,778)	\$ -	\$ 892	\$ 187,461	\$ 6,907,700
Receipts:							
Local sources	-	-	-	-	-	-	5,407,178
Intermediate sources	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	11,712,182
Federal sources	-	3,123	17,468	-	-	-	1,781,010
Other	-	-	-	-	-	5,877,416	5,884,560
Total receipts	-	3,123	17,468	-	-	5,877,416	24,784,986
Disbursements:							
Instruction	-	-	19,947	-	-	-	7,220,686
Support services	-	-	999	-	-	-	7,072,371
Noninstructional services	-	-	-	-	-	-	1,131,286
Facilities acquisition and construction	-	-	-	-	-	-	80,374
Debt service	-	-	-	-	-	-	3,422,894
Nonprogrammed charges	-	-	-	-	-	5,647,552	5,647,552
Total disbursements	-	-	20,946	-	-	5,647,552	24,575,163
Excess (deficiency) of receipts over disbursements	-	3,123	(3,478)	-	-	229,864	209,823
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	352,173
Transfers out	-	-	-	-	-	-	(352,173)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	3,123	(3,478)	-	-	229,864	209,823
Cash and investments - ending	\$ -	\$ -	\$ (10,256)	\$ -	\$ 892	\$ 417,325	\$ 7,117,523

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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 4,269,915	\$ 631,753	\$ 142,332	\$ 396,587	\$ 428,968	\$ 187,761	\$ 269,031	\$ 361,533	\$ 185,370
Receipts:									
Local sources	109,560	2,348,365	226,752	1,222,202	781,336	226,533	-	490,358	115,994
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	11,556,470	-	-	-	-	-	-	7,287	63,743
Federal sources	74,757	-	-	-	-	-	-	610,074	-
Other	26,368	-	-	-	-	-	-	224	-
Total receipts	11,767,155	2,348,365	226,752	1,222,202	781,336	226,533	-	1,107,943	179,737
Disbursements:									
Instruction	7,143,934	-	-	-	-	-	-	-	-
Support services	4,409,360	-	-	762,359	701,133	231,509	-	66,665	304,161
Noninstructional services	186,875	-	-	-	-	-	-	784,924	-
Facilities acquisition and construction	(440,792)	-	-	72,491	-	-	-	-	-
Debt service	-	2,454,230	334,083	-	-	-	234,000	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,299,377	2,454,230	334,083	834,850	701,133	231,509	234,000	851,589	304,161
Excess (deficiency) of receipts over disbursements	467,778	(105,865)	(107,331)	387,352	80,203	(4,976)	(234,000)	256,354	(124,424)
Other financing sources (uses):									
Transfers in	-	234,000	-	-	-	-	-	-	-
Transfers out	-	(234,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	467,778	(105,865)	(107,331)	387,352	80,203	(4,976)	(234,000)	256,354	(124,424)
Cash and investments - ending	\$ 4,737,693	\$ 525,888	\$ 35,001	\$ 783,939	\$ 509,171	\$ 182,785	\$ 35,031	\$ 617,887	\$ 60,946

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

	Levy Excess	Educational License Plates	Alternative Education	Gina Kane Memorial	Back to School Carnival	BDDF - Early Kindergarten	BHS MFG Grant Donation	BCCF/K-3 Techno	Community Foundation Google VR Kits
Cash and investments - beginning	\$ 1,440	\$ 2,097	\$ 16,288	\$ 623	\$ -	\$ -	\$ 10,000	\$ 5,449	\$ -
Receipts:									
Local sources	-	-	-	-	1,968	-	-	-	-
Intermediate sources	-	113	-	-	-	-	-	-	-
State sources	-	-	10,770	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	113	10,770	-	1,968	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	10,000	-	-
Support services	-	95	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	95	-	-	-	-	10,000	-	-
Excess (deficiency) of receipts over disbursements	-	18	10,770	-	1,968	-	(10,000)	-	-
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	-	18	10,770	-	1,968	-	(10,000)	-	-
Cash and investments - ending	\$ 1,440	\$ 2,115	\$ 27,058	\$ 623	\$ 1,968	\$ -	\$ -	\$ 5,449	\$ -

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

	Red Ribbon Week	BCCF - Comp Lit	WOW Grant	Wellness Program	BCCF - MS Meet Teacher	Econ. Development Donation	Camp Invention	Insurance	Mentoring Moms
Cash and investments - beginning	\$ 300	\$ 2,500	\$ 505	\$ 5,859	\$ 2,284	\$ -	\$ 5,725	\$ 27,527	\$ 1,866
Receipts:									
Local sources	-	-	-	5,560	-	-	5,250	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	5,560	-	-	5,250	-	-
Disbursements:									
Instruction	-	-	552	-	-	-	-	-	-
Support services	-	-	-	6,136	-	-	5,745	23,487	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	552	6,136	-	-	5,745	23,487	-
Excess (deficiency) of receipts over disbursements	-	-	(552)	(576)	-	-	(495)	(23,487)	-
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	-	-	(552)	(576)	-	-	(495)	(23,487)	-
Cash and investments - ending	\$ 300	\$ 2,500	\$ (47)	\$ 5,283	\$ 2,284	\$ -	\$ 5,230	\$ 4,040	\$ 1,866

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

	Miscellaneous Programs	CAPE Caryover	Formative Assessment	High Ability 2016-2017	High Ability 2017-2018	Gifted and Talented 14-15	Teacher Quality Improvement Program	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 1,098	\$ 4,584	\$ 18,135	\$ -	\$ 1,340	\$ 96	\$ (36,733)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	20,678	-	-	-	-	-
Federal sources	-	-	-	-	31,300	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	20,678	-	31,300	-	-	-
Disbursements:								
Instruction	-	-	15,620	18,135	12,262	-	-	-
Support services	-	-	-	-	-	-	-	37,197
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	15,620	18,135	12,262	-	-	37,197
Excess (deficiency) of receipts over disbursements	-	-	5,058	(18,135)	19,038	-	-	(37,197)
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	-	-	5,058	(18,135)	19,038	-	-	(37,197)
Cash and investments - ending	\$ -	\$ 1,098	\$ 9,642	\$ -	\$ 19,038	\$ 1,340	\$ 96	\$ (73,930)

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

	Non-English Speaking Programs	NESP 2016-2017	NESP 2017-2018	School Technology	Career and Technical Performance Grant	Innovative School Improvement Grant	Title I 2016-2017	Title I 2017-2018
Cash and investments - beginning	\$ 3,217	\$ 3,400	\$ -	\$ 5,016	\$ 14,332	\$ 1,673	\$ (18,765)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	7,770	-	26,152	-	-
Federal sources	-	-	3,500	-	-	-	107,636	290,132
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	3,500	7,770	-	26,152	107,636	290,132
Disbursements:								
Instruction	-	-	-	-	14,428	-	53,553	82,903
Support services	-	-	830	6,543	-	36,490	34,419	226,040
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	830	6,543	14,428	36,490	87,972	308,943
Excess (deficiency) of receipts over disbursements	-	-	2,670	1,227	(14,428)	(10,338)	19,664	(18,811)
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	-	-	2,670	1,227	(14,428)	(10,338)	19,664	(18,811)
Cash and investments - ending	\$ 3,217	\$ 3,400	\$ 2,670	\$ 6,243	\$ (96)	\$ (8,665)	\$ 899	\$ (18,811)

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

	Title I 2015-2016	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA Part B 2016-2017	IDEA Part B 2017-2018	IDEA Preschool 2016-2017	IDEA Preschool 2017-2018	Career Incentive	CTE/DWD Incentive Grant 17-18
Cash and investments - beginning	\$ -	\$ 854	\$ (230,110)	\$ -	\$ (8,640)	\$ -	\$ (5,000)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	265,219	395,794	8,640	7,574	-	3,789
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	265,219	395,794	8,640	7,574	-	3,789
Disbursements:								
Instruction	-	854	43,504	468,787	10,678	16,380	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	854	43,504	468,787	10,678	16,380	-	-
Excess (deficiency) of receipts over disbursements	-	(854)	221,715	(72,993)	(2,038)	(8,806)	-	3,789
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	-	(854)	221,715	(72,993)	(2,038)	(8,806)	-	3,789
Cash and investments - ending	\$ -	\$ -	\$ (8,395)	\$ (72,993)	\$ (10,678)	\$ (8,806)	\$ (5,000)	\$ 3,789

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

	PCTE Perkins Rural Equipment Grant	15-16 Perkins	Perkins 2016-2017	Perkins 2017-2018	Medicaid Reimbursement - Federal	Title II 2014-16	Title II 2015-17	Title II 2016-2018
Cash and investments - beginning	\$ (7,379)	\$ -	\$ 270	\$ -	\$ 27,601	\$ -	\$ (4,833)	\$ (16,307)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	9,380	-	-	15,055	86,209	-	86,202	-
Other	-	-	-	-	-	-	-	-
Total receipts	9,380	-	-	15,055	86,209	-	86,202	-
Disbursements:								
Instruction	2,001	-	1,551	16,927	-	-	23,778	(16,307)
Support services	-	-	-	-	54,390	-	8,536	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,001	-	1,551	16,927	54,390	-	32,314	(16,307)
Excess (deficiency) of receipts over disbursements	7,379	-	(1,551)	(1,872)	31,819	-	53,888	16,307
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	7,379	-	(1,551)	(1,872)	31,819	-	53,888	16,307
Cash and investments - ending	\$ -	\$ -	\$ (1,281)	\$ (1,872)	\$ 59,420	\$ -	\$ 49,055	\$ -

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

	Title II 2017-2019	Title IV 14-15 RLIS	RLIS 15-17	RLIS 17-19	Title III - English Proficiency Migrant	Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (10,256)	\$ -	\$ 892	\$ 417,325	\$ 7,117,523
Receipts:							
Local sources	-	-	-	-	-	-	5,533,878
Intermediate sources	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	11,692,870
Federal sources	41,063	-	4,437	7,404	-	-	2,048,165
Other	-	-	-	-	-	5,931,586	5,958,178
Total receipts	41,063	-	4,437	7,404	-	5,931,586	25,233,204
Disbursements:							
Instruction	46,598	-	1,681	8,694	-	-	7,976,513
Support services	-	-	(7,500)	-	-	-	6,907,595
Noninstructional services	-	-	-	-	-	-	971,799
Facilities acquisition and construction	-	-	-	-	-	-	(368,301)
Debt service	-	-	-	-	-	-	3,022,313
Nonprogrammed charges	-	-	-	-	-	6,223,221	6,223,221
Total disbursements	46,598	-	(5,819)	8,694	-	6,223,221	24,733,140
Excess (deficiency) of receipts over disbursements	(5,535)	-	10,256	(1,290)	-	(291,635)	500,064
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	234,000
Transfers out	-	-	-	-	-	-	(234,000)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,535)	-	10,256	(1,290)	-	(291,635)	500,064
Cash and investments - ending	\$ (5,535)	\$ -	\$ -	\$ (1,290)	\$ 892	\$ 125,690	\$ 7,617,587

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2018

<u>Government</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 327,354</u>	<u>\$ -</u>

BLACKFORD COUNTY SCHOOLS  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Blackford County School Building Corporation	Additions and Renovations	<u>\$ 1,918,000</u>	06/30/2017	12/31/2022

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension Severance Debt	<u>\$ 190,000</u>	<u>\$ 195,529</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 BLACKFORD COUNTY SCHOOLS, BLACKFORD COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Blackford County Schools' (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 Child Nutrition Cluster***

As described in item 2018-005 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 Child Nutrition Cluster regarding Equipment and Real Property Management. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the possible effects of the matter 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 the Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

***Basis for Qualified Opinion on Title I Grants to Local Educational Agencies***

As described in item 2018-007 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Assessment System Security. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

***Qualified Opinion on Title I Grants to Local Educational Agencies***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* 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 Title I Grants to Local Educational Agencies 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 2018-004 and 2018-006. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable


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

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, and 2018-007, 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

May 13, 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.

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 16-17	\$ -	\$ 126,860	\$ -	\$ -
			FY 17-18	-	-	-	125,383
Total - School Breakfast Program				-	126,860	-	125,383
National School Lunch Program	Indiana Department of Education	10.555	FY 16-17	-	470,722	-	-
School Lunch			FY 17-18	-	-	-	483,146
Commodities			FY 16-17	-	74,154	-	-
Commodities			FY 17-18	-	-	-	72,302
Total - National School Lunch Program				-	544,876	-	555,448
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 17-18	-	-	-	1,544
Total - Summer Food Service Program for Children				-	-	-	1,544
Total - Child Nutrition Cluster				-	671,736	-	682,375
Total - Department of Agriculture				-	671,736	-	682,375
<u>Department of Defense</u>							
ROTC Language and Culture Training Grants	Army ROTC	12.357	FY 16-17	-	67,243	-	-
			FY 17-18	-	-	-	63,799
Total - ROTC Language and Culture Training Grants				-	67,243	-	63,799
Total - Department of Defense				-	67,243	-	63,799
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14216-008-PN01	-	299,684	-	-
			14217-008-PN01	-	234,061	-	265,219
			18611-008-PN01	-	-	-	395,794
Total - Special Education Grants to States				-	533,745	-	661,013

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45716-008-PN01	-	9,086	-	986
			45717-008-PN01	-	-	-	8,640
			18619-008-PN01	-	-	-	7,574
Total - Special Education Preschool Grants				-	9,086	-	17,200
Total - Special Education Cluster (IDEA)				-	542,831	-	678,213
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			16-0515	-	122,128	-	-
			17-0515	-	279,494	-	107,636
			18-0515	-	-	-	290,132
Total - Title I Grants to Local Educational Agencies				-	401,622	-	397,768
Career and Technical Education - Basic Grants to States	Bluffton-Harrison Metropolitan School District	84.048					
			FY 16-17	-	15,118	-	-
			FY 17-18	-	-	-	15,055
Total - Career and Technical Education - Basic Grants to States				-	15,118	-	15,055
Rural Education	Indiana Department of Education	84.358					
			FY 15-16	-	3,123	-	-
			FY 16-17	-	17,468	-	4,437
			FY 17-18	-	-	-	7,404
Total - Rural Education				-	20,591	-	11,841
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			16-0515	-	12,818	-	-
			17-0515	-	34,336	-	86,202
			18-0515	-	-	-	41,063
Total - Supporting Effective Instruction State Grants				-	47,154	-	127,265
Total - Department of Education				-	1,027,316	-	1,230,142
Total federal awards expended				\$ -	\$ 1,766,295	\$ -	\$ 1,976,316

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

BLACKFORD COUNTY SCHOOLS  
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 (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

BLACKFORD COUNTY SCHOOLS  
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 deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Qualified Qualified

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2018-001**

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

*Repeat Finding*

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

*Condition*

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

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. The School Corporation did create an approval process involving the review of the SEFA to ensure the SEFA was accurate; however, the approval process did not detect the errors in the SEFA.

*Context*

The SEFA presented for audit contained the following errors:

1. The School Corporation reported \$1,284,563 as passed through to subrecipients for fiscal year 2016-2017; however, there were no passed through amounts that should have been reported.
2. There were federal grants omitted from the SEFA and nonfederal grants included. In addition, the amounts listed for each grant needed to be adjusted in order to reflect the true activity of the grant. The Total Federal Awards Expended were understated by \$485,132 and \$102,350 in 2016-2017 and 2017-2018.

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

*Criteria*

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

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

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

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

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.510(b) states:

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

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

*Cause*

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

*Effect*

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

*Recommendation*

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

*Views of Responsible Officials*

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

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2018-002***

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

*Repeat Finding*

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

*Condition*

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

Reconcilements were not adequately detailed or summarized, and documentation was neither sufficient nor directly compared to the Fund Report. In addition, there were no outstanding check lists to support the amount used in the monthly reconcilements. During the review of the Bank Reconcilements, we identified a difference between the adjusted bank balance and the ledger at June 30, 2017, and June 30, 2018. At June 30, 2017, the adjusted bank balance was higher than the ledger by \$977 and at June 30, 2018, the adjusted bank balance was lower than the ledger by \$70,675. As such, the Annual Financial Report submitted within the Indiana Gateway for Government Units financial reporting system was not accurate.

*Context*

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

*Criteria*

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

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

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

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. . . .

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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. . . ."

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](#)."

*Cause*

Management of the School Corporation had not established a proper system of internal controls that would ensure proper reporting of cash and investments balances.

*Effect*

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

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to financial transactions and reporting for cash and investments to ensure the accuracy of the financial information reported.

*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 - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior audit report regarding Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The prior audit finding number was 2016-004.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Monthly Sponsor Claims (claim for reimbursement), Annual Financial Reports, and Verification Summary Reports were accurate prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

*Eligibility*

The School Corporation had not designed or implemented an effective internal control system to ensure that free and reduced price meal applications were accurately evaluated for eligibility. The application information was entered into the food service software, which automatically made the eligibility determination dependent on the information entered. There was no oversight or review to ensure the information entered into the food service software was accurate.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) - (School Breakfast Program and National School Lunch Program only)*

The School Corporation had not separated incompatible activities related to the eligibility verifications performed as part of the Verification Summary Reports. There was no documentation of a control in place, such as an oversight, review, or approval process, to ensure that eligibility determinations were properly performed.

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

The School Corporation had not separated incompatible activities related to the accuracy of the paid lunch equity data submitted to the Indiana Department of Education for the federal award programs. There was no segregation of duties, such as an oversight, review, or approval process, to ensure that accurate data was entered into the Paid Lunch Equity Tool.

*Context*

The lack of properly designed and implemented controls was a systemic issue, which occurred throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

BLACKFORD COUNTY SCHOOLS  
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). . . ."

*Cause*

The School Corporation had not established and implemented an effective internal control system that segregated key functions.

*Effect*

The failure to establish an effective system of internal controls placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, 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.

**FINDING 2018-004**

Subject: School Breakfast Program, National School Lunch Program - Cash Management  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Cash Management  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-003.

BLACKFORD COUNTY SCHOOLS  
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 Cash Management compliance requirement.

The School Corporation did not monitor net cash resources in the School Lunch fund to ensure that the School Lunch fund's net cash resources did not exceed three months average expenditures. The School Lunch fund's net cash resources exceeded three months average balances throughout the audit period. This excess ranged from \$291,040 to \$422,288 in fiscal year 2016-2017 and from \$278,416 to \$367,900 in 2017-2018.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

(iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Cause*

The School Corporation's management had not established and implemented an effective internal control system to ensure compliance with the Cash Management compliance requirement.

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Cash Management compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2018-005**

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 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

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 equipment requirements.

The School Corporation did not have adequate policies and procedures to ensure that the proper equipment records were maintained in accordance with 2 CFR 200.313. The School Corporation had not created a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property had been implemented.

The School Corporation did not comply with the equipment requirements. A complete list of equipment acquired with federal awards was not maintained.

The School Corporation was required to maintain property records and perform a physical inventory with the results reconciled with the property records at least once every two years. A reconciled physical inventory was not provided for audit.

*Context*

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

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.33 states in part:

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

2 CFR 200.313(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 property was acquired, the location, use and condition of the property, and any disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

*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 Equipment and Real Property Management compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Equipment and Real Property Management compliance requirement.

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish an effective system of internal controls to ensure compliance with the grant agreement and the Equipment and Real Property Management compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2018-006**

Subject: Child Nutrition Cluster - 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 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

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 Program Income compliance requirement.

The School Corporation had not established an effective internal control system to ensure that program income was being properly and timely (at least monthly) transferred from the Cafeteria Clearing fund to the School Lunch fund. One employee determined the amount of the transfer of program income without oversight, review or approval, or other compensating control.

No transfers were made during fiscal year 2016-2017, and only two transfers were made during 2017-2018.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

BLACKFORD COUNTY SCHOOLS  
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). . . ."

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 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; . . ."

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; . . ."

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts, which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 Other Food Services and receipt this into fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 Program Income compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish an effective system of internal controls to ensure compliance 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 2016-007**

Subject: Title I Grants to Local Educational Agencies - Special Tests  
and Provisions - Assessment System Security

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 16-0515, 17-0515, 18-0515

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Assessment System Security

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 Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation was required to implement policies and procedures regarding the security of tests. The School Corporation did not maintain all Indiana Testing Security and Integrity Agreements (Agreements) for individuals who administered, handled, or had access to secure test materials at the district or school level.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

BLACKFORD COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.333 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*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Special Tests and Provisions - Assessment System Security compliance requirement was made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement will be maintained.

*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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*Superintendent*

**Greg Elkins**  
*Assistant Superintendent*

**James Trinkle II**  
*Special Services Coordinator*

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

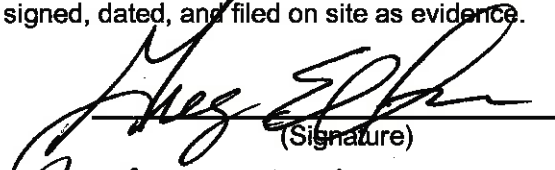
***FINDING 2016-001***

Fiscal year in which the finding initially occurred: FY 2014  
Contact Person Responsible for Corrective Action: Greg Elkins  
Contact Phone Number: 765-348-7550

Status of Audit Finding: Ongoing

Since the previous audit for FYs 2014-2016 BCS has been working to improve, correct, and implement appropriate internal controls for corrective action of the repeat finding:

- The assistant superintendent (treasurer) has established a training protocol so that the district's data specialist also serves as an assistant state and federal grant manager for the district, including professional development through IDOE on Title 1 management and reporting.
- The treasurer reviews monthly fund receipts, expenditures, and balances and reports to the school board.
- The treasurer and deputy treasurer review, correct, and approve bank reconciliations which include all receipts and expenditures of all funds.
- The corporation's financial and grant management personnel participate in bi-annual financial meetings with special education co-op director to review finances.
- The treasurer, deputy treasurer, and grant specialist (when applicable) will review receipts and expenditures with directors to ensure SEFA reports are accurate
  - 
  - Food service director (monthly and prior to SEFA report.)
  - School psychologist (in lieu of co-op director) to review IDEA and Medicaid bi-annually and prior to SEFA report.
  - All documentation will be signed, dated, and filed on site as evidence.

  
\_\_\_\_\_  
(Signature)

*Asst Supt / Treasurer*  
\_\_\_\_\_  
(Title)

*5/6/2019*  
\_\_\_\_\_  
(Date)



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2016-002***

Fiscal year in which the finding initially occurred: FY 2015-2016  
Contact Person Responsible for Corrective Action: Greg Elkins  
Contact Phone Number: 765-348-7550

Status of Audit Finding: Ongoing

Since the previous audit for FYs 2014-2016 BCS has been working to improve, correct, and implement appropriate internal controls for corrective action of the repeat finding.

- Bank reconciliations do occur monthly and are reviewed, signed, and dated by deputy treasurer and treasurer. The district is unsure of what evidence was lacking in the audit period. The district will continue to retain signed and dated reconciliation statements monthly as is the current practice.
- Descriptive narratives will be filed with the monthly receipts, reconciliations, and fund balances statements in the event that any corrections or other anomalies need to be accounted for.
- The district has begun and will continue to upload to SBoA's Gateway reporting all reconciliations, and fund balances.

*Greg Elkins*  
\_\_\_\_\_  
(Signature)

*Asst Supt / Treasurer*  
\_\_\_\_\_  
(Title)

*5/6/2019*  
\_\_\_\_\_  
(Date)



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**


***FINDING 2016-003***

Fiscal year in which the finding initially occurred: FY 2013-2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana  
Department of Education  
Contact Person Responsible for Corrective Action: Greg Elkins  
Contact Phone Number: 765-348-7550

Status of Audit Finding: Ongoing

Since the previous audit for FYs 2014-2016 BCS has been working to improve, correct, and implement appropriate internal controls for corrective action of the repeat finding.

- The district concurs that the school lunch balance has exceeded three months average expenditures limit.
- The district, on advice from the 2014-16 auditors, transferred a portion of the remaining pre-paid account balance to the 8000 food service account, although this continues to keep the 8000 fund in excess. The district has also increased meal prices by the minimum amount allowed by USDA for 2018-19, and will continue to do so for 2019-2020.
- The treasurer, deputy treasurer, and food service director will meet quarterly to review the current balance.
- The food service director and treasurer have both received professional development through IDOE regarding purchasing and use of food service funds. The district will look for appropriate expenditure which will approve the equipment and student serving/dining areas for BCS students as the facilities do need improvement and upgrades.

  
\_\_\_\_\_  
(Signature)

*Asst Supt. / Treasurer*  
\_\_\_\_\_  
(Title)

*5/6/2019*  
\_\_\_\_\_  
(Date)



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

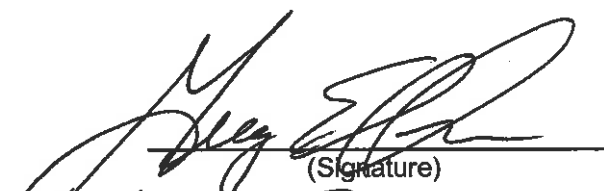
***FINDING 2016-004***

Fiscal year in which the finding initially occurred: FY 2015-2016  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Greg Elkins  
Contact Phone Number: 765-348-7550

Status of Audit Finding: Ongoing

Since the previous audit for FYs 2014-2016 BCS has been working to improve, correct, and implement appropriate internal controls for corrective action of the repeat finding.

- Compliance agreements with Region 8 Co-op and Food2Schools have been approved by the school board and documented by board meeting minutes.
- The food service director, treasurer, and deputy treasurer will meet in person to review documentation and submit the AFR and SFA Verification Report together, in person.
- The food service director test and confirm eligibility, retain documentation, sign/date, and report to treasurer and deputy treasurer the findings and reports.
- Treasurer, Deputy Treasurer, and Food Service director will communicate monthly to quarterly to calculate and excess pre-paid balances to the 8000 Food Service account. Documentation of calculations, rationale, etc., will be signed, dated, and filed with monthly reconcilements documents.

  
\_\_\_\_\_  
(Signature)

*Asst Supt/Treasurer*  
\_\_\_\_\_  
(Title)

*5/6/2019*  
\_\_\_\_\_  
(Date)



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2016-005***

Fiscal year in which the finding initially occurred: FY 2015-2016  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Greg Elkins  
Contact Phone Number: 765-348-7550

Status of Audit Finding: Ongoing

Since the previous audit for FYs 2014-2016 BCS has been working to improve, correct, and implement appropriate internal controls for corrective action of the repeat finding.

- The district has increased meal prices by the minimum amount allowed by USDA for 2018-19 as evidenced by school board meeting minutes and will continue to do so for 2019-2020.
- The food service director, treasurer, and deputy treasurer will meet in person to review documentation and calculate weighted average of paid lunch prices. The documentation will be signed, dated, and retained both by the food service director and the treasurer.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2016-006***

Fiscal year in which the finding initially occurred: FY 2015-2016  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Greg Elkins  
Contact Phone Number: 765-348-7550

Status of Audit Finding: Corrected

Since the previous audit for FYs 2014-2016 BCS has been working to improve, correct, and implement appropriate internal controls for corrective action of the repeat finding.

- This finding has been corrected.
- The district now has now assigned grant management assistance to the data specialist. The superintendent is ultimately the one who reviews and submits all Title 1 grant applications.
- The district now keeps a hard copy of the comparability report due to this previous finding although the district is unsure where the requirement came from (annually) because IDOE only requires a sampling of districts to submit hard copies whereas the actual report is calculated and submitted electronically annually.
- The district will continue procedures that are currently in place.

  
\_\_\_\_\_  
(Signature)

*Asst. Supt./Treasurer*  
\_\_\_\_\_  
(Title)

5/6/2019  
\_\_\_\_\_  
(Date)



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**CORRECTIVE ACTION PLAN**

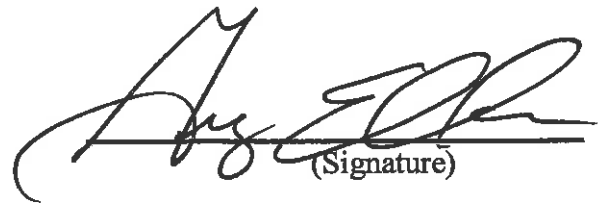
***FINDING 2018-001***

Contact Person Responsible for Corrective Action: Greg Elkins, Treasurer  
Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: The treasurer is responsible for Gateway submission of all federal grants data. For this audit period, there was not a clear understanding of what and how the data should have been submitted. Prior year's submissions were used as a guideline. The district believes the 2018 SEFA data to be accurate. Treasurer will continue to work with deputy treasurer to ensure all receipts and expenditures and grant fund balances are accurate prior to submission. The district has now identified that there are no pass-through funds. The district also now realizes the DoD financial support for JROTC instructor salaries are considered a federal grant.

Anticipated Completion Date: Immediately

  
(Signature)

Treasurer  
(Title)

5/7/2019  
(Date)



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**CORRECTIVE ACTION PLAN**

***FINDING 2018-002***

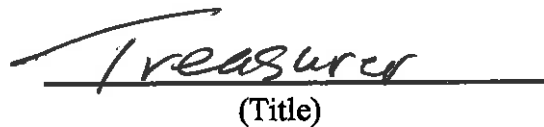
Contact Person Responsible for Corrective Action: Greg Elkins, Treasurer  
Contact Phone Number: 765-348-7550

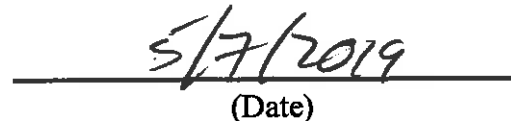
Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: The treasurer and deputy treasurer have established a protocol for month-end reconciliation of bank statements and fund balances. The summary form, which must be reviewed, signed, and dated by both individuals, lists all outstanding check amount and corrections. The fund balances are copied from internal accounting software then compared and filed with the reconciliation statement. The treasurer has uploaded monthly fund balances and reconciliements to the Gateway SBoA reporting site or the months of 2019 so far. At the time of the June 30, 2017 discrepancies found in this audit, there was no full-time treasurer on staff to oversee and approve reconciliation of funds. That is now longer the case.

Anticipated Completion Date: Immediately

  
(Signature)

  
(Title)

  
(Date)



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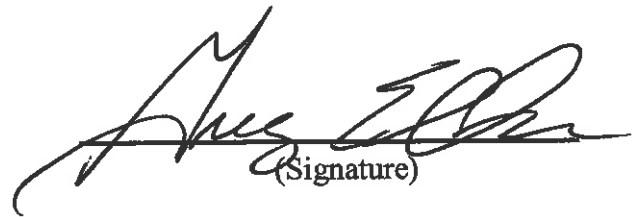
***FINDING 2018-003***

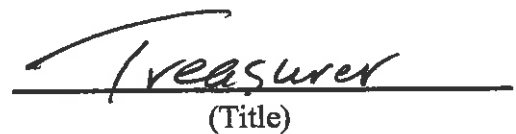
Contact Person Responsible for Corrective Action: Greg Elkins, Treasurer  
Contact Phone Number: 765-348-7550

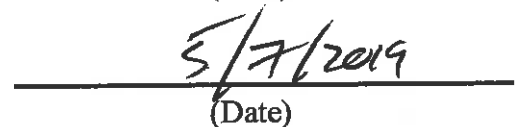
Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: The food service director, treasurer, and deputy treasurer will review and design a plan to compile the School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children data and review accuracy prior to submission of Monthly Sponsor Claims, Annual Financial Reports and Verification Summary Reports. The treasurer and deputy treasurer will submit all reports on behalf of food service director. This team will also develop methods for free and reduced price meal applications are accurate which will include monthly/quarterly random sampling, and to separate incompatible activities related to the eligibility verifications performed as part of the Verification Summary Reports the paid lunch equity data submitted to the Indiana Department of Education.

Anticipated Completion Date: Begin June-July, 2019, ongoing.

  
(Signature)

  
(Title)

  
(Date)

CORRECTIVE ACTION PLAN



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***FINDING 2018-004***


Contact Person Responsible for Corrective Action: Greg Elkins, Treasurer  
Contact Phone Number: 765-348-7550


Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: The District understands that the School Lunch fund exceeded the 3 months average balance during the audit period. The treasurer and deputy treasurer have already begun working with the food service manager to address allowable expenditures from the food service account which include equipment purchases, permissible facility improvements, and employee compensation increases. Both the food service director and treasurer have received IDOE approved training on allowable non-food purchases for the School Lunch fund and intend to identify needs within the district's kitchens to make use of these excess funds. A prioritized list of allowable expenditures will be created and the proposed purchases and expenditures will be submitted for approval to the local school board and or IDOE as required.

Anticipated Completion Date: Begin June-July, 2019, ongoing.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

## CORRECTIVE ACTION PLAN



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***FINDING 2018-005***

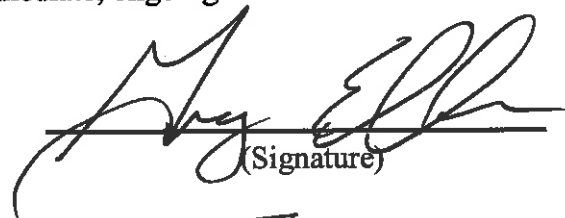
Contact Person Responsible for Corrective Action: Greg Elkins, Treasurer  
Contact Phone Number: 765-348-7550

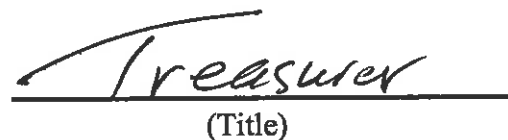
Views of Responsible Official: We concur with this finding

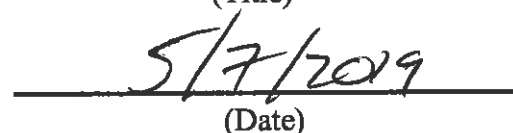
Description of Corrective Action Plan: The District hired an outside firm in August of 2018 to conduct a complete inventory of all physical assets. The inventory list itemizes purchase cost and depreciation/current values. The district will use this list as a baseline for additions, removals, and value adjustments going forward. The list includes all food service-related items. The district also adopted a Capital Assets policy in April, 2019 that declares all assets with a minimum purchase price of \$5000 will be declared Capital Assets. Those items, regardless of funds used to purchase them, will be accepted by board approval as capital assets to the district's inventory. The food service director has also begun comprising a list of kitchen assets that need replacement or upgrades/repairs (started April, 2019.) All kitchens are monitored by security cameras to prevent loss or damage of property. All kitchens and offices have separate door locks that only management have keys to.

The district will either hire another private company or internally update the inventory list annually, with special attention given to equipment purchased through both state and federal grant dollars.

Anticipated Completion Date: Immediate, ongoing.

  
(Signature)

  
(Title)

  
(Date)

CORRECTIVE ACTION PLAN



**Blackford County Schools**

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Educating Students,  
Changing the World**

**Administrative Office**  
**Chad Yencer**  
*Superintendent*  
**Greg Elkins**  
*Assistant Superintendent*  
**James Trinkle II**  
*Special Services Coordinator*

0668 West 200 South  
Hartford City, IN 47348  
Phone: 765.348.7550  
Fax: 765.348.5361  
www.bcs.k12.in.us

**Blackford High School**  
**Scott Shimer, Principal**  
Phone: 765.348.7560

**Blackford Junior High School**  
**Kelli Ruble, Principal**  
Phone: 765.348.7590

**Montpelier School**  
Grades K-6  
**Jim Fox, Principal**  
Phone: 765.728.2402

**Northside School**  
Grades 4-6  
**Kevin Biddle, Principal**  
Phone: 765.348.7595

**Southside School**  
Grades K-3  
**Craig Campbell, Principal**  
Phone: 765.348.7584

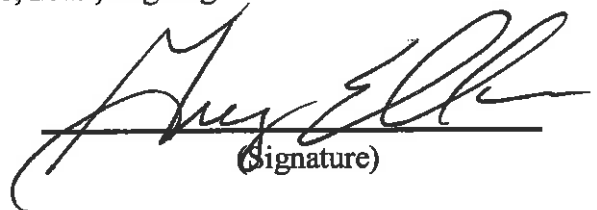
***FINDING 2018-006***

Contact Person Responsible for Corrective Action: Greg Elkins, Treasurer  
Contact Phone Number: 765-348-7550

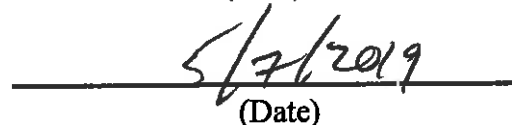
Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: The District understands that the pre-paid lunch account (Cafeteria Clearing Account) must be transferred monthly to the School Lunch fund. During 2016-17, no district official was overseeing the responsibility. In 2017-18, at the completion of the 2014-16 audit, two transfers were made based on the findings of that audit period. District officials now know that the transfer should occur monthly. The food service director is now submitting monthly pre-paid account balances to the treasurer. The transfers will be conducted based on data submitted by the food service director, submitted by the deputy treasurer, and approved by the treasurer. All documentation will be saved in the form of journal entries in the districts accounting software Skyward.

Anticipated Completion Date: June, 2019, ongoing.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

CORRECTIVE ACTION PLAN



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***FINDING 2018-007***


Contact Person Responsible for Corrective Action: Chad Yencer, Siperintendent  
Contact Phone Number: 765-348-7550

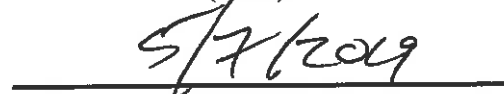
Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: The District understands that for this audit period, the physical hard copies of signatures for administrators and teachers who received state testing security training could not be found. The district does not believe this to be s systemic issue. There are numerous examples of signatures and training evidence for other periods throughout recent history and the current school year. The district is confident that the absence of these files can be traced to the fact that 3 different individuals served as corporation test coordinator in a short amount of time, with one of those individuals working in an office away from central administration. With another CTC to be hired for 2019-2020, the district will make it a priority to create electronic files of all test security documents in addition to storing hard copies at central office, regardless of who the CTC is or what building they work out of.

Anticipated Completion Date: August, 2019, ongoing.

  
(Signature)

  
Treasurer  
(Title)

  
(Date)

## CORRECTIVE ACTION PLAN



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***FINDING 2018-007***

Contact Person Responsible for Corrective Action: Chad Yencer, Superintendent  
Contact Phone Number: 765-348-7550

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: The District understands that for this audit period, the physical hard copies of signatures for administrators and teachers who received state testing security training could not be found. The district does not believe this to be a systemic issue. There are numerous examples of signatures and training evidence for other periods throughout recent history and the current school year. The district is confident that the absence of these files can be traced to the fact that 3 different individuals served as corporation test coordinator in a short amount of time, with one of those individuals working in an office away from central administration. With another CTC to be hired for 2019-2020, the district will make it a priority to create electronic files of all test security documents in addition to storing hard copies at central office, regardless of who the CTC is or what building they work out of.

Anticipated Completion Date: August, 2019, ongoing.

Chad Yencer  
(Signature)

Superintendent  
(Title)

5/13/19  
(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/>.