

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH VERMILLION COMMUNITY
SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
06/17/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager/Treasurer	Cindy Guinn	07-01-16 to 06-30-19
Superintendent of Schools	David Chapman	07-01-16 to 06-30-19
President of the School Board	John P. Roehm	01-01-16 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated 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 SOUTH VERMILLION COMMUNITY
SCHOOL CORPORATION, VERMILLION COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the South Vermillion Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated 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 item 2018-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

South Vermillion Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

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.

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

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 1,104,469	\$ 12,331,928	\$ 11,856,252	\$ -	\$ 1,580,145	\$ 11,837,487	\$ 11,331,546	\$ 45,168	\$ 2,131,254
Debt Service	1,010,115	1,736,940	2,207,277	85,378	625,156	1,490,769	1,595,765	-	520,160
Capital Projects	688,843	1,856,149	1,803,651	-	741,341	1,814,849	2,175,312	-	380,878
School Transportation	258,937	803,519	857,361	-	205,095	714,019	803,772	20,948	136,290
School Bus Replacement	129,057	267,154	231,285	-	164,926	271,889	231,285	-	205,530
Construction	1,064,023	-	1,064,023	-	-	-	-	-	-
GO Bonds 2015B	805,000	-	805,000	-	-	-	-	-	-
GO Bonds 2015C	530,000	-	530,000	-	-	-	-	-	-
Construction 2016A	1,370,456	-	1,370,456	-	-	-	-	-	-
Construction 2016B	1,969,694	-	1,789,570	-	180,124	-	180,124	-	-
GO Bonds 2018	-	-	-	-	-	-	45,649	1,480,294	1,434,645
School Lunch	259,100	959,799	933,558	-	285,341	980,284	903,352	-	362,273
Textbook Rental	275,958	188,197	201,366	-	262,789	176,451	162,941	-	276,299
Levy Excess	73,235	-	-	(73,235)	-	-	-	-	-
WRCTEC 2017-18	80,846	718	46,074	(35,490)	-	470,850	394,285	2,665	79,230
1420 WRCTEC	-	432,623	424,371	35,490	43,742	10,928	52,005	(2,665)	-
Educational License Plates	94	263	-	-	357	225	506	-	76
Early Intervention Grant	-	8,119	8,119	-	-	8,224	8,119	-	105
Early Literacy	-	41,040	41,040	-	-	-	-	-	-
Lilly Endowment	-	30,000	16,726	-	13,274	-	13,274	-	-
WRCTE Center 2022	-	-	-	27,144	27,144	-	-	11,107	38,251
Adult and Continuing Education	4,548	1,155	3,569	-	2,134	15,057	7,320	-	9,871
Giacoletto Foundation	14,956	7,500	20,877	-	1,579	5,000	1,580	-	4,999
2800 Construction	100,000	-	-	-	100,000	-	-	-	100,000
Duke Energy Grant	-	-	-	-	-	25,000	25,000	-	-
Literacy Grant - Int'l Paper	-	5,000	5,000	-	-	-	-	-	-
Formative Assessment	-	22,304	22,304	-	-	20,693	20,693	-	-
High Ability 2015-16	3,945	-	3,945	-	-	31,670	26,877	-	4,793
High Ability 2016-17	-	31,699	30,197	-	1,502	1	1,503	-	-
Secured Schools Safety Grant	-	50,000	50,000	-	-	-	20,000	-	(20,000)

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
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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
School Technology	14,652	19,023	14,997	-	18,678	23,091	22,657	-	19,112
Career and Technical Performance Grant	-	12,874	-	-	12,874	14,887	23,972	-	3,789
Performance Based Awards	-	-	-	-	-	50,881	50,881	-	-
Helt Twp Preschool	(1,763)	26,141	26,000	-	(1,622)	27,128	27,023	-	(1,517)
Alternative Suspension	(578)	20,000	14,544	-	4,878	13,984	15,593	-	3,269
3950 WRCTEC	-	68,000	56,013	-	11,987	-	880	(11,107)	-
Digital Learning FY 2017	-	-	-	-	-	10,072	29,877	-	(19,805)
WRCTEC/Hlth Ctr 17-18	29,465	-	2,321	(27,144)	-	70,001	55,153	-	14,848
Title I 2016-17	-	203,253	220,981	-	(17,728)	94,334	76,606	-	-
Title I 2017-18	(41,643)	106,643	65,000	-	-	229,827	252,083	-	(22,256)
Adult Ed. Comp. 2015-16	(44,358)	65,381	21,023	-	-	92,559	109,995	-	(17,436)
Adult and Continuing Education	-	54,100	99,120	-	(45,020)	48,771	3,751	-	-
6200 Perkins	-	-	22,949	-	(22,949)	150,000	127,051	-	-
6210 Perkins	-	-	-	-	-	-	6,020	-	(6,020)
Perkins 2017-18	(19,148)	46,636	27,488	-	-	89,989	94,308	-	(4,319)
6230 Perkins	-	80,836	86,774	-	(5,938)	31,315	25,377	-	-
Medicaid Reimbursement - Federal	35,115	9,021	35,115	-	9,021	25,935	9,021	(25,935)	-
Perkins Rural 2016	(4,000)	-	(4,000)	-	-	-	-	-	-
CTE Grant 2016	(16,990)	36,021	19,031	-	-	-	-	-	-
6737 Perkins	-	69,839	69,839	-	-	30,126	30,126	-	-
6740 Title II (A)	-	-	-	-	-	31,629	39,986	-	(8,357)
6750 Title II (A)	-	11,440	19,066	-	(7,626)	57,839	50,213	-	-
Title II (A), Class Red	(3,298)	43,995	40,697	-	-	-	-	-	-
Elearning Grant 2016	(659)	12,000	11,341	-	-	-	-	-	-
Payroll Withholdings	34,605	2,950,813	2,920,712	-	64,706	2,769,529	2,814,906	-	19,329
Totals	<u>\$ 9,724,676</u>	<u>\$ 22,610,123</u>	<u>\$ 28,091,032</u>	<u>\$ 12,143</u>	<u>\$ 4,255,910</u>	<u>\$ 21,735,293</u>	<u>\$ 21,866,387</u>	<u>\$ 1,520,475</u>	<u>\$ 5,645,291</u>

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

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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.

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The cash deficits arose from disbursements exceeding receipts due to timing delays in reimbursements being received from the grantors; these deficits are to be repaid from future grant reimbursement receipts.

Note 8. Holding Corporations

The School Corporation has entered into capital leases with Van Duyn/Ernie Pyle Building Corporation and South Vermillion Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$785,000 and \$899,500, respectively.

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

Note 9. Subsequent Event

On November 19, 2018, the School Corporation received \$4,777,987 from a bond issue to build a new auxiliary gym.

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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.

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	GO Bonds 2015B	GO Bonds 2015C
Cash and investments - beginning	\$ 1,104,469	\$ 1,010,115	\$ 688,843	\$ 258,937	\$ 129,057	\$ 1,064,023	\$ 805,000	\$ 530,000
Receipts:								
Local sources	46,823	1,736,940	1,856,149	802,263	267,154	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,470,064	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	815,041	-	-	1,256	-	-	-	-
Total receipts	12,331,928	1,736,940	1,856,149	803,519	267,154	-	-	-
Disbursements:								
Instruction	7,610,948	-	-	-	-	-	-	-
Support services	3,322,482	-	985,634	857,361	231,285	-	-	-
Noninstructional services	122,712	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	818,017	-	-	1,064,023	805,000	530,000
Debt service	-	2,207,277	-	-	-	-	-	-
Nonprogrammed charges	800,110	-	-	-	-	-	-	-
Total disbursements	11,856,252	2,207,277	1,803,651	857,361	231,285	1,064,023	805,000	530,000
Excess (deficiency) of receipts over disbursements	475,676	(470,337)	52,498	(53,842)	35,869	(1,064,023)	(805,000)	(530,000)
Other financing sources (uses):								
Sale of capital assets	-	12,143	-	-	-	-	-	-
Transfers in	-	73,235	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	85,378	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	475,676	(384,959)	52,498	(53,842)	35,869	(1,064,023)	(805,000)	(530,000)
Cash and investments - ending	\$ 1,580,145	\$ 625,156	\$ 741,341	\$ 205,095	\$ 164,926	\$ -	\$ -	\$ -

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

	Construction 2016A	Construction 2016B	GO Bonds 2018	School Lunch	Textbook Rental	Levy Excess	WRCTEC 2017-18	1420 WRCTEC
Cash and investments - beginning	\$ 1,370,456	\$ 1,969,694	\$ -	\$ 259,100	\$ 275,958	\$ 73,235	\$ 80,846	\$ -
Receipts:								
Local sources	-	-	-	375,006	118,412	-	718	432,597
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	7,414	69,785	-	-	-
Federal sources	-	-	-	577,379	-	-	-	-
Other receipts	-	-	-	-	-	-	-	26
Total receipts	-	-	-	959,799	188,197	-	718	432,623
Disbursements:								
Instruction	-	-	-	-	-	-	28,232	278,379
Support services	-	-	-	-	201,366	-	17,842	145,957
Noninstructional services	-	-	-	933,558	-	-	-	-
Facilities acquisition and construction	1,370,456	1,789,570	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	35
Total disbursements	1,370,456	1,789,570	-	933,558	201,366	-	46,074	424,371
Excess (deficiency) of receipts over disbursements	(1,370,456)	(1,789,570)	-	26,241	(13,169)	-	(45,356)	8,252
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	35,490
Transfers out	-	-	-	-	-	(73,235)	(35,490)	-
Total other financing sources (uses)	-	-	-	-	-	(73,235)	(35,490)	35,490
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,370,456)	(1,789,570)	-	26,241	(13,169)	(73,235)	(80,846)	43,742
Cash and investments - ending	\$ -	\$ 180,124	\$ -	\$ 285,341	\$ 262,789	\$ -	\$ -	\$ 43,742

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

	Educational License Plates	Early Intervention Grant	Early Literacy	Lilly Endowment	WRCTE Center 2022	Adult and Continuing Education	Giacoletto Foundation	2800 Construction
Cash and investments - beginning	\$ 94	\$ -	\$ -	\$ -	\$ -	\$ 4,548	\$ 14,956	\$ 100,000
Receipts:								
Local sources	-	-	-	30,000	-	-	7,500	-
Intermediate sources	263	-	-	-	-	-	-	-
State sources	-	8,119	41,040	-	-	1,155	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	263	8,119	41,040	30,000	-	1,155	7,500	-
Disbursements:								
Instruction	-	8,119	41,040	-	-	3,569	-	-
Support services	-	-	-	16,726	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	20,877	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	8,119	41,040	16,726	-	3,569	20,877	-
Excess (deficiency) of receipts over disbursements	263	-	-	13,274	-	(2,414)	(13,377)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	27,144	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	27,144	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	263	-	-	13,274	27,144	(2,414)	(13,377)	-
Cash and investments - ending	\$ 357	\$ -	\$ -	\$ 13,274	\$ 27,144	\$ 2,134	\$ 1,579	\$ 100,000

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

	Duke Energy Grant	Literacy Grant - Int'l Paper	Formative Assessment	High Ability 2015-16	High Ability 2016-17	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,945	\$ -	\$ -	\$ 14,652	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	5,000	-	-	-	-	-	-
State sources	-	-	22,304	-	31,699	50,000	19,023	3,088
Federal sources	-	-	-	-	-	-	-	9,786
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	5,000	22,304	-	31,699	50,000	19,023	12,874
Disbursements:								
Instruction	-	-	-	2,866	-	-	-	-
Support services	-	5,000	17,448	-	30,197	-	-	-
Noninstructional services	-	-	-	-	-	50,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-	14,997	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	4,856	1,079	-	-	-	-
Total disbursements	-	5,000	22,304	3,945	30,197	50,000	14,997	-
Excess (deficiency) of receipts over disbursements	-	-	-	(3,945)	1,502	-	4,026	12,874
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(3,945)	1,502	-	4,026	12,874
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,502	\$ -	\$ 18,678	\$ 12,874

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

	Performance Based Awards	Helt Twp Preschool	Alternative Suspension	3950 WRCTEC	Digital Learning FY 2017	WRCTEC/Hlth Ctr 17-18	Title I 2016-17	Title I 2017-18
Cash and investments - beginning	\$ -	\$ (1,763)	\$ (578)	\$ -	\$ -	\$ 29,465	\$ -	\$ (41,643)
Receipts:								
Local sources	-	26,141	-	-	-	-	-	-
Intermediate sources	-	-	-	68,000	-	-	-	-
State sources	-	-	20,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	203,253	106,643
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	26,141	20,000	68,000	-	-	203,253	106,643
Disbursements:								
Instruction	-	26,000	14,544	-	-	-	139,976	44,976
Support services	-	-	-	56,013	-	2,321	80,644	10,420
Noninstructional services	-	-	-	-	-	-	361	9,604
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	26,000	14,544	56,013	-	2,321	220,981	65,000
Excess (deficiency) of receipts over disbursements	-	141	5,456	11,987	-	(2,321)	(17,728)	41,643
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(27,144)	-	-
Total other financing sources (uses)	-	-	-	-	-	(27,144)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	141	5,456	11,987	-	(29,465)	(17,728)	41,643
Cash and investments - ending	\$ -	\$ (1,622)	\$ 4,878	\$ 11,987	\$ -	\$ -	\$ (17,728)	\$ -

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

	Adult Ed. Comp. 2015-16	Adult and Continuing Education	6200 Perkins	6210 Perkins	Perkins 2017-18	6230 Perkins	Medicaid Reimbursement - Federal	Perkins Rural 2016
Cash and investments - beginning	\$ (44,358)	\$ -	\$ -	\$ -	\$ (19,148)	\$ -	\$ 35,115	\$ (4,000)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	65,381	54,100	-	-	46,636	80,836	9,021	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	65,381	54,100	-	-	46,636	80,836	9,021	-
Disbursements:								
Instruction	19,615	83,733	22,949	-	27,488	86,774	-	-
Support services	1,408	15,387	-	-	-	-	35,115	(4,000)
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	21,023	99,120	22,949	-	27,488	86,774	35,115	(4,000)
Excess (deficiency) of receipts over disbursements	44,358	(45,020)	(22,949)	-	19,148	(5,938)	(26,094)	4,000
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	44,358	(45,020)	(22,949)	-	19,148	(5,938)	(26,094)	4,000
Cash and investments - ending	\$ -	\$ (45,020)	\$ (22,949)	\$ -	\$ -	\$ (5,938)	\$ 9,021	\$ -

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	CTE Grant 2016	6737 Perkins	6740 Title II (A)	6750 Title II (A)	Title II (A), Class Red	Elearning Grant 2016	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (16,990)	\$ -	\$ -	\$ -	\$ (3,298)	\$ (659)	\$ 34,605	\$ 9,724,676
Receipts:								
Local sources	-	-	-	-	-	-	-	5,699,703
Intermediate sources	-	-	-	-	-	-	-	73,263
State sources	-	-	-	-	-	-	-	11,743,691
Federal sources	36,021	69,839	-	11,440	43,995	12,000	-	1,326,330
Other receipts	-	-	-	-	-	-	2,950,813	3,767,136
Total receipts	36,021	69,839	-	11,440	43,995	12,000	2,950,813	22,610,123
Disbursements:								
Instruction	-	-	-	19,066	40,650	-	-	8,498,924
Support services	19,031	69,839	-	-	47	11,341	-	6,128,864
Noninstructional services	-	-	-	-	-	-	-	1,116,235
Facilities acquisition and construction	-	-	-	-	-	-	-	6,412,940
Debt service	-	-	-	-	-	-	-	2,207,277
Nonprogrammed charges	-	-	-	-	-	-	2,920,712	3,726,792
Total disbursements	19,031	69,839	-	19,066	40,697	11,341	2,920,712	28,091,032
Excess (deficiency) of receipts over disbursements	16,990	-	-	(7,626)	3,298	659	30,101	(5,480,909)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	12,143
Transfers in	-	-	-	-	-	-	-	135,869
Transfers out	-	-	-	-	-	-	-	(135,869)
Total other financing sources (uses)	-	-	-	-	-	-	-	12,143
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,990	-	-	(7,626)	3,298	659	30,101	(5,468,766)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (7,626)	\$ -	\$ -	\$ 64,706	\$ 4,255,910

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	GO Bonds 2015B	GO Bonds 2015C
Cash and investments - beginning	\$ 1,580,145	\$ 625,156	\$ 741,341	\$ 205,095	\$ 164,926	\$ -	\$ -	\$ -
Receipts:								
Local sources	46,781	1,490,769	1,814,849	711,667	271,889	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,778,852	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	11,854	-	-	2,352	-	-	-	-
Total receipts	11,837,487	1,490,769	1,814,849	714,019	271,889	-	-	-
Disbursements:								
Instruction	7,603,799	-	-	-	-	-	-	-
Support services	3,473,819	-	1,051,526	803,772	231,285	-	-	-
Noninstructional services	253,928	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,123,786	-	-	-	-	-
Debt service	-	1,595,765	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,331,546	1,595,765	2,175,312	803,772	231,285	-	-	-
Excess (deficiency) of receipts over disbursements	505,941	(104,996)	(360,463)	(89,753)	40,604	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	39,442	-	-	-	-	-	-	-
Sale of capital assets	739	-	-	-	-	-	-	-
Transfers in	4,987	-	-	20,948	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	45,168	-	-	20,948	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	551,109	(104,996)	(360,463)	(68,805)	40,604	-	-	-
Cash and investments - ending	\$ 2,131,254	\$ 520,160	\$ 380,878	\$ 136,290	\$ 205,530	\$ -	\$ -	\$ -

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Construction 2016A	Construction 2016B	GO Bonds 2018	School Lunch	Textbook Rental	Levy Excess	WRCTEC 2017-18	1420 WRCTEC
Cash and investments - beginning	\$ -	\$ 180,124	\$ -	\$ 285,341	\$ 262,789	\$ -	\$ -	\$ 43,742
Receipts:								
Local sources	-	-	-	351,748	102,320	-	470,850	9,722
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	8,050	74,131	-	-	-
Federal sources	-	-	-	620,486	-	-	-	-
Other receipts	-	-	-	-	-	-	-	1,206
Total receipts	-	-	-	980,284	176,451	-	470,850	10,928
Disbursements:								
Instruction	-	-	-	-	-	-	234,448	19,895
Support services	-	-	-	-	162,941	-	159,780	32,110
Noninstructional services	-	-	-	903,352	-	-	-	-
Facilities acquisition and construction	-	180,124	45,649	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	57	-
Total disbursements	-	180,124	45,649	903,352	162,941	-	394,285	52,005
Excess (deficiency) of receipts over disbursements	-	(180,124)	(45,649)	76,932	13,510	-	76,565	(41,077)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	1,480,294	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	2,665	-
Transfers out	-	-	-	-	-	-	-	(2,665)
Total other financing sources (uses)	-	-	1,480,294	-	-	-	2,665	(2,665)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(180,124)	1,434,645	76,932	13,510	-	79,230	(43,742)
Cash and investments - ending	\$ -	\$ -	\$ 1,434,645	\$ 362,273	\$ 276,299	\$ -	\$ 79,230	\$ -

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2018

	Educational License Plates	Early Intervention Grant	Early Literacy	Lilly Endowment	WRCTE Center 2022	Adult and Continuing Education	Giacoletto Foundation	2800 Construction
Cash and investments - beginning	\$ 357	\$ -	\$ -	\$ 13,274	\$ 27,144	\$ 2,134	\$ 1,579	\$ 100,000
Receipts:								
Local sources	-	-	-	-	-	-	5,000	-
Intermediate sources	225	-	-	-	-	-	-	-
State sources	-	8,224	-	-	-	15,057	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	225	8,224	-	-	-	15,057	5,000	-
Disbursements:								
Instruction	506	8,119	-	-	-	7,320	-	-
Support services	-	-	-	13,274	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,580	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	506	8,119	-	13,274	-	7,320	1,580	-
Excess (deficiency) of receipts over disbursements	(281)	105	-	(13,274)	-	7,737	3,420	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	11,107	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	11,107	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(281)	105	-	(13,274)	11,107	7,737	3,420	-
Cash and investments - ending	\$ 76	\$ 105	\$ -	\$ -	\$ 38,251	\$ 9,871	\$ 4,999	\$ 100,000

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

	Duke Energy Grant	Literacy Grant - Int'l Paper	Formative Assessment	High Ability 2015-16	High Ability 2016-17	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,502	\$ -	\$ 18,678	\$ 12,874
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	25,000	-	-	-	-	-	-	-
State sources	-	-	20,693	31,670	1	-	23,091	14,887
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	25,000	-	20,693	31,670	1	-	23,091	14,887
Disbursements:								
Instruction	24,323	-	-	26,637	-	-	-	23,972
Support services	677	-	20,693	240	1,503	20,000	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	22,657	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	25,000	-	20,693	26,877	1,503	20,000	22,657	23,972
Excess (deficiency) of receipts over disbursements	-	-	-	4,793	(1,502)	(20,000)	434	(9,085)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	4,793	(1,502)	(20,000)	434	(9,085)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 4,793	\$ -	\$ (20,000)	\$ 19,112	\$ 3,789

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

	Performance Based Awards	Helt Twp Preschool	Alternative Suspension	3950 WRCTEC	Digital Learning FY 2017	WRCTEC/Hlth Ctr 17-18	Title I 2016-17	Title I 2017-18
Cash and investments - beginning	\$ -	\$ (1,622)	\$ 4,878	\$ 11,987	\$ -	\$ -	\$ (17,728)	\$ -
Receipts:								
Local sources	-	27,128	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	70,001	-	-
State sources	50,881	-	13,984	-	10,072	-	-	-
Federal sources	-	-	-	-	-	-	94,334	229,827
Other receipts	-	-	-	-	-	-	-	-
Total receipts	50,881	27,128	13,984	-	10,072	70,001	94,334	229,827
Disbursements:								
Instruction	50,881	27,023	15,593	-	-	-	59,907	167,590
Support services	-	-	-	880	29,877	54,214	13,906	83,629
Noninstructional services	-	-	-	-	-	-	2,793	864
Facilities acquisition and construction	-	-	-	-	-	939	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	50,881	27,023	15,593	880	29,877	55,153	76,606	252,083
Excess (deficiency) of receipts over disbursements	-	105	(1,609)	(880)	(19,805)	14,848	17,728	(22,256)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(11,107)	-	-	-	-
Total other financing sources (uses)	-	-	-	(11,107)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	105	(1,609)	(11,987)	(19,805)	14,848	17,728	(22,256)
Cash and investments - ending	\$ -	\$ (1,517)	\$ 3,269	\$ -	\$ (19,805)	\$ 14,848	\$ -	\$ (22,256)

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

	Adult Ed. Comp. 2015-16	Adult and Continuing Education	6200 Perkins	6210 Perkins	Perkins 2017-18	6230 Perkins	Medicaid Reimbursement - Federal	Perkins Rural 2016
Cash and investments - beginning	\$ -	\$ (45,020)	\$ (22,949)	\$ -	\$ -	\$ (5,938)	\$ 9,021	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	92,559	48,771	150,000	-	89,989	31,315	25,935	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	92,559	48,771	150,000	-	89,989	31,315	25,935	-
Disbursements:								
Instruction	103,646	2,986	127,051	6,020	94,308	25,377	-	-
Support services	6,349	765	-	-	-	-	9,021	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	109,995	3,751	127,051	6,020	94,308	25,377	9,021	-
Excess (deficiency) of receipts over disbursements	(17,436)	45,020	22,949	(6,020)	(4,319)	5,938	16,914	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(25,935)	-
Total other financing sources (uses)	-	-	-	-	-	-	(25,935)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,436)	45,020	22,949	(6,020)	(4,319)	5,938	(9,021)	-
Cash and investments - ending	\$ (17,436)	\$ -	\$ -	\$ (6,020)	\$ (4,319)	\$ -	\$ -	\$ -

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

	CTE Grant 2016	6737 Perkins	6740 Title II (A)	6750 Title II (A)	Title II (A), Class Red	Elearning Grant 2016	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (7,626)	\$ -	\$ -	\$ 64,706	\$ 4,255,910
Receipts:								
Local sources	-	-	-	-	-	-	-	5,302,723
Intermediate sources	-	-	-	-	-	-	-	95,226
State sources	-	-	-	-	-	-	-	12,049,593
Federal sources	-	30,126	31,629	57,839	-	-	-	1,502,810
Other receipts	-	-	-	-	-	-	2,769,529	2,784,941
Total receipts	-	30,126	31,629	57,839	-	-	2,769,529	21,735,293
Disbursements:								
Instruction	-	-	38,786	48,213	-	-	-	8,716,400
Support services	-	30,126	1,200	2,000	-	-	-	6,203,587
Noninstructional services	-	-	-	-	-	-	-	1,160,937
Facilities acquisition and construction	-	-	-	-	-	-	-	1,374,735
Debt service	-	-	-	-	-	-	-	1,595,765
Nonprogrammed charges	-	-	-	-	-	-	2,814,906	2,814,963
Total disbursements	-	30,126	39,986	50,213	-	-	2,814,906	21,866,387
Excess (deficiency) of receipts over disbursements	-	-	(8,357)	7,626	-	-	(45,377)	(131,094)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,519,736
Sale of capital assets	-	-	-	-	-	-	-	739
Transfers in	-	-	-	-	-	-	-	39,707
Transfers out	-	-	-	-	-	-	-	(39,707)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,520,475
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(8,357)	7,626	-	-	(45,377)	1,389,381
Cash and investments - ending	\$ -	\$ -	\$ (8,357)	\$ -	\$ -	\$ -	\$ 19,329	\$ 5,645,291

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 232,732</u>	<u>\$ 99,710</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Bank of America	2013 Guaranteed Energy Savings Lease Payments	\$ 299,891	12/30/2013	12/30/2027
South Vermillion Middle School Building Corporation	HS Renovations	242,000	6/30/2016	12/31/2024
Van Duyn/Ernie Pyle Building Corporation	Bond Refinance	<u>654,000</u>	7/15/2015	1/15/2022
Total governmental activities		<u>1,195,891</u>		
Total of annual lease payments		<u>\$ 1,195,891</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Series 2015 A B C High School Renovations	\$ 1,229,503	\$ 570,243
General obligation bonds	Series 2018 HS Outdoor Project	<u>1,485,000</u>	<u>52,339</u>
Total governmental activities		<u>2,714,503</u>	<u>622,582</u>
Totals		<u>\$ 2,714,503</u>	<u>\$ 622,582</u>

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Land	\$ 739,500
Buildings	77,778,137
Improvements other than buildings	8,018,777
Machinery, equipment, and vehicles	6,955,029
Construction in progress	<u>1,532,298</u>
Total governmental activities	<u>95,023,741</u>
Total capital assets	<u>\$ 95,023,741</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the South Vermillion Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal program is 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 the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the 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 items 2018-002 and 2018-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Eligibility and Program Income that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

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

Other Matters

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

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, and 2018-006, that we consider to be material weaknesses.

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

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

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


Paul D. Joyce, 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.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 16-17	\$ -	\$ 136,363	\$ -	\$ -
School Breakfast			FY 17-18	-	-	-	146,519
Total School Breakfast Program				-	136,363	-	146,519
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY 16-17	-	441,015	-	-
School Lunch			FY 17-18	-	-	-	473,967
Commodities			FY 16-17	-	90,814	-	-
Commodities			FY 17-18	-	-	-	72,867
Total National School Lunch Program				-	531,829	-	546,834
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Program			FY 16-17	-	15,288	-	-
Summer Food Program			FY 17-18	-	-	-	8,062
Total Summer Food Service Program for Children				-	15,288	-	8,062
Total - Child Nutrition Cluster				-	683,480	-	701,415
Total - Department of Agriculture				-	683,480	-	701,415
<u>Department of Education</u>							
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
Adult Ed. 2015-16			AE5-123	-	29,491	-	-
Adult Ed. 2016-17			AE6-123	-	11,706	-	23,253
Adult Ed. 2017-18			AE7-123	-	-	-	22,130
Total - Adult Education - Basic Grants to States				-	41,197	-	45,383
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2015-16			FY 15-16	-	106,642	-	-
Title I 2016-17			FY 16-17	-	203,253	-	94,330
Title I 2017-18			FY 17-18	-	-	-	229,827
Total - Title I Grants to Local Educational Agencies				-	309,895	-	324,157
Special Education Cluster (IDEA)	Indiana Department of Education	84.027					
Special Education Grants to States			14215-008-PN01	-	36,333	-	-
			14216-006-PN01	-	89,188	-	43,116
			14217-006-PN01	-	285,381	-	95,401
			18611-006-PN01	-	-	-	300,061
Total Special Education Grants to States				-	761,994	-	808,118

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45715-008-PN01	-	60	-	-
			45716-006-PN01	-	3,377	-	902
			45717-006-PN01	-	9,075	-	2,681
			18619-006-PN01	-	-	-	10,631
Total Special Education Preschool Grants				-	12,512	-	14,214
Total - Special Education Cluster (IDEA)				-	423,414	-	452,792
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
CTE Rural 2015-16			A5871-7CI-3983	-	36,021	-	-
CTE Rural 2016-17			A5871-7CI-3983	-	69,839	-	30,126
Perkins Reserve FY17			A5871-7CI-4357	-	-	-	150,000
Total - Career and Technical Education -- Basic Grants to States				-	105,860	-	180,126
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II A 2015-16			FY 15-16	-	55,336	-	-
Title II A 2016-17			FY 16-17	-	11,440	-	57,839
Title II A 2017-18			FY 17-18	-	-	-	31,629
Total - Supporting Effective Instruction State Grants				-	66,776	-	89,468
Total - Department of Education				-	947,142	-	1,091,926
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Health and Human Services	93.778					
Medicaid			FY 16-17	-	9,021	-	-
Medicaid			FY 17-18	-	-	-	25,935
Total - Medicaid Cluster				-	9,021	-	25,935
Total - Department of Health and Human Services				-	9,021	-	25,935
Total federal awards expended				\$ -	\$ 1,639,643	\$ -	\$ 1,819,276

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

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of a special education cooperative (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 for the School Corporation. This activity is reported on the financial statement of the Cooperative.

Note 4. Career and Technical Education Cooperative

The School Corporation is a member of a career and technical education cooperative (Career Cooperative) and serves as the fiscal agent for the Career Cooperative. As a result, some activity for the Career and Technical Education - Basic Grants to States program that is presented as receipts and disbursements in the financial statement is not presented on the SEFA.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified

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

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

FINDING 2018-001

Subject: Financial Transactions and Reporting, 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.

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

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of segregation of duties as the School Corporation had not separated incompatible activities related to receipts. The School Corporation had not established controls to ensure payroll disbursements were properly recorded and classified in the ledgers and financial statements. The School Corporation had not properly implemented an effective system of internal controls to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Receipts

The Business Manager issued receipts, recorded receipts, and took the deposits to the bank. There was no segregation of duties, such as an oversight, review, or approval process.

Payroll Related Disbursements

The School Corporation had not established documented controls to ensure that employees were paid the correct amount or paid from the proper fund.

Schedule of Expenditures of Federal Awards

The School Corporation did not have an adequate control system in place to ensure the accuracy of the SEFA prior to submission. Federal grant information was prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA, without an oversight or review process.

The SEFA was overstated (net of any understatements) by \$196,681 in fiscal year 2016-2017 and \$185,622 in 2017-2018, resulting in a total overstatement of \$382,303. Audit adjustments were proposed, approved by the School Corporation, and made to the SEFA.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period. Due to the lack of internal controls, the SEFA included expenditures of grant funds which should have been excluded.

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.

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

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. . . ."

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. . . ."

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

The School Corporation had not established a proper system of internal control that segregated key functions.

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

Effect

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Condition*.

Recommendation

We recommended that the School Corporation establish a system of internal controls to ensure that financial transactions will be properly recorded and reported and federal expenditures will be properly reported in the SEFA.

Views of Responsible Officials

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

Auditor's Response

It was and is the School Corporation's responsibility to be in compliance with all applicable federal regulations and guidelines when accepting a federal grant. It is our responsibility to express an opinion on the School Corporation's compliance with federal regulations and guidelines, as well as to consider the School Corporation's internal controls over compliance with those regulations and guidelines.

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the identified issues before the beginning of the current audit period; however, we are required to report the control deficiencies and noncompliance which were present in the current audit period. The responsibility for compliance with all applicable regulations and guidelines was assumed by the School Corporation when it accepted the federal grants. The timing of our audit does not release the School Corporation of that responsibility.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

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

Repeat Finding

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

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility compliance requirement.

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

The School Corporation had not established adequate internal controls to ensure that the eligibility determination for free and reduced priced meal applications was correct. The School Corporation had not established adequate internal controls to ensure that eligibility parameters were properly entered in the computer software that was used to determine eligibility; there was no documented oversight, review, or approval of the information entered.

The School Corporation had not established effective controls to ensure that criteria for determining the eligibility of children for free and reduced price meals was publicly announced as required. Policy statements used for public announcement of eligibility criteria and other eligibility information were not presented for audit.

Context

The lack of controls and lack of documentation regarding compliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.5(a) states in part:

"After the State agency, or FNSRO where applicable, notifies the local educational agency (as defined in § 245.2) that its criteria for determining the eligibility of children for free and reduced price meals and for free milk have been approved, the local educational agency (as defined in § 245.2) shall publicly announce such criteria: Provided however, that no such public announcement shall be required for boarding schools, residential child care institutions (see § 210.2 of this chapter, definition of Schools), or a school which includes food service fees in its tuition, where all attending children are provided the same meals or milk. Such announcements shall be made at the beginning of each school year or, if notice of approval is given thereafter, within 10 days after the notice is received. . . ."

Cause

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

Effect

The failure to establish controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Eligibility compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

School Corporation's Response - Cause of Issue

For the School Corporation's response, refer to the Corrective Action Plan that is part of this report.

Auditor's Response

It was and is the School Corporation's responsibility to be in compliance with all applicable federal regulations and guidelines when accepting a federal grant. That includes having internal controls over all applicable compliance requirements, including Eligibility, of the Child Nutrition Cluster. It is our responsibility to express an opinion on the School Corporation's compliance with each major federal program as well as to consider the School Corporation's internal controls over compliance with those types of requirements that could have a direct and material effect on each major federal program.

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the identified issues before the beginning of the current audit period; however, we are required to report the control deficiencies and noncompliance which were present in the current audit period. The responsibility for compliance with all applicable regulations and guidelines was assumed by the School Corporation when it accepted the federal grant. The timing of our audit does not release the School Corporation of that responsibility.

FINDING 2018-003

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
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: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

The School Corporation had not established an effective system of internal controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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

The School Corporation had not established controls to ensure compliance with its procurement policy, which was in compliance with 2 CFR 200.320, and also addressed suspension and debarment.

Procurement

The School Corporation did not obtain an adequate number of price or rate quotes for small purchases exceeding \$3,500 in accordance with their purchasing policy.

Suspension and Debarment

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

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The School Corporation did not obtain three price or rate quotes for any of the four vendors tested for which the requirement applied. The School Corporation performed procedures to verify that one of the two contractors tested had not been suspended or debarred.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

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

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

2 CFR 200.320 states in part:

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

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

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

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

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

You do this by:

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

Cause

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

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

School Corporation's Response - Cause of Issue

For the School Corporation's response, refer to the Corrective Action Plan that is part of this report.

Auditor's Response

It was and is the School Corporation's responsibility to be in compliance with all applicable federal regulations and guidelines when accepting a federal grant. That includes having internal controls over all applicable compliance requirements, including Procurement and Suspension and Debarment, of the Child Nutrition Cluster. It is our responsibility to express an opinion on the School Corporation's compliance with each major federal program, as well as to consider the School Corporation's internal controls over compliance with those types of requirements that could have a direct and material effect on each major federal program.

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the identified issues before the beginning of the current audit period; however, we are required to report the control deficiencies and noncompliance which were present in the current audit period. The responsibility for compliance with all applicable regulations and guidelines was assumed by the School Corporation when it accepted the federal grant. The timing of our audit does not release the School Corporation of that responsibility.

FINDING 2018-004

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 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: Special Tests and Provisions - Paid Lunch Equity
Audit Finding: Material Weakness

Repeat Finding

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

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

Condition

The School Corporation had not established an effective system of internal controls related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The Food Service Director performed the calculations for paid lunch equity without a documented oversight, review, or approval process to ensure their accuracy.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation had not developed or implemented a system of internal controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

School Corporation's Response - Cause of Issue

For the School Corporation's response, refer to the Corrective Action Plan that is part of this report.

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

Auditor's Response

It was and is the School Corporation's responsibility to be in compliance with all applicable federal regulations and guidelines when accepting a federal grant. That includes having internal controls over all applicable compliance requirements, including Special Tests and Provisions - Paid Lunch Equity, of the Child Nutrition Cluster. It is our responsibility to express an opinion on the School Corporation's compliance with each major federal program, as well as to consider the School Corporation's internal controls over compliance with those types of requirements that could have a direct and material effect on each major federal program.

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the identified issues before the beginning of the current audit period; however, we are required to report the control deficiencies and noncompliance which were present in the current audit period. The responsibility for compliance with all applicable regulations and guidelines was assumed by the School Corporation when it accepted the federal grant. The timing of our audit does not release the School Corporation of that responsibility.

FINDING 2018-005

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

Repeat Finding

This is repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

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 designed or implemented adequate controls to ensure program income was correctly recorded. There was no comparison or review of total daily, weekly, or monthly program income from meals served reports from the software system to ensure only amounts for meals served were transferred as program income.

The School Corporation did not comply with program income requirements. Prepaid meal collections were commingled with collections from sales of meals, à la carte, and catering, and recorded as program income. Based upon reports of meals served, and collections from à la carte and catering, program income transfers for the four months tested were \$7,195 less than the collections recorded in the School Lunch fund. When projected to the population, collections exceeded program income based upon sales of meals by \$36,143.

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

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(c) states:

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

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

7 CFR 220.7(e) states in part:

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

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

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: . . ."

13. Maintain a financial management system as prescribed by the State agency; . . ."

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

10.553 School Breakfast Program, 10.555 National School Lunch Program, 10.556 Special Milk Program for Children, and 10.559 Summer Food Service Program for Children

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)

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Program Income compliance requirement.

School Corporation's Response - Cause of Issue

For the School Corporation's response, refer to the Corrective Action Plan that is part of this report.

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

Auditor's Response

It was and is the School Corporation's responsibility to be in compliance with all applicable federal regulations and guidelines when accepting a federal grant. That includes having internal controls over all applicable compliance requirements, including Program Income, of the Child Nutrition Cluster. It is our responsibility to express an opinion on the School Corporation's compliance with each major federal program, as well as to consider the School Corporation's internal controls over compliance with those types of requirements that could have a direct and material effect on each major federal program.

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the identified issues before the beginning of the current audit period; however, we are required to report the control deficiencies and noncompliance which were present in the current audit period. The responsibility for compliance with all applicable regulations and guidelines was assumed by the School Corporation when it accepted the federal grant. The timing of our audit does not release the School Corporation of that responsibility.

FINDING 2018-006

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The Annual Financial Reports, Monthly Sponsor Claims (claim for reimbursement), and School Food Authority (SFA) Verification Collection Reports were prepared and submitted by one individual, without a documented oversight, review, or approval process.

Context

The lack of controls was a systemic issue that affected all reports submitted during the audit period. Both of the Annual Financial Reports submitted during the audit period did not agree with the underlying financial records.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

School Corporation's Response - Cause of Issue

For the School Corporation's response, refer to the Corrective Action Plan that is part of this report.

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

Auditor's Response

It was and is the School Corporation's responsibility to be in compliance with all applicable federal regulations and guidelines when accepting a federal grant. That includes having internal controls over all applicable compliance requirements, including Reporting, of the Child Nutrition Cluster. It is our responsibility to express an opinion on the School Corporation's compliance with each major federal program, as well as to consider the School Corporation's internal controls over compliance with those types of requirements that could have a direct and material effect on each major federal program.

We acknowledge that, due to the timing of the prior audit, the School Corporation did not have time to correct the identified issues before the beginning of the current audit period; however, we are required to report the control deficiencies and noncompliance which were present in the current audit period. The responsibility for compliance with all applicable regulations and guidelines was assumed by the School Corporation when it accepted the federal grant. The timing of our audit does not release the School Corporation of that responsibility.

AUDITEE-PREPARED DOCUMENTS

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



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Cindy Guinn

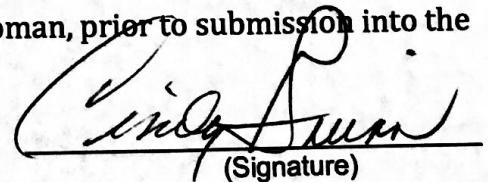
Contact Phone Number: 765-832-2426

Status of Audit Finding:

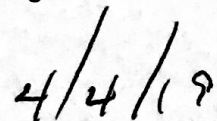
Effective July 1, 2018 each deposit is verified by both the Business Manager (Cindy Guinn) and the Payroll Specialist (Stephanie Farrington) by initialing each deposit slip prior to making the bank deposit.

Stephanie Farrington provides payroll reports each pay verifying individuals paid from federal funds are correct and those reports are given to Cindy Guinn to file in the appropriate fund folder for that grant period.

The SEFA is initialed by the Superintendent, Dave Chapman, prior to submission into the Indiana Gateway System.


(Signature)

Business Manager



(Date)

765-832-2426

FAX: 765-832-7391

WWW.SVCS.K12.IN.US

David Chapman, Superintendent
Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture
"National School Food Service Program for Children"

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-2426

Status of Audit Finding:

The free and reduced applications are certified by the Food Service Director and then submitted to the high school Treasurer to verify and complete the Annual Meal Verification – this was corrected 10/1/2016

The Food Service Director receives a monthly financial report from the Business Manager to maintain the proper three-month average of expenditures. This ensures proper comparison and calculations.

Each school Treasurer verifies the free/reduced applications and performs the calculations. The Food Service Director then reviews and approves/disapproves to ensure accuracy.

Debbie Ballock
(Signature)

Food Service Director
(Title)

4/4/19
(Date)

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture
"National School Food Service Program for Children"

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-2426

Status of Audit Finding:

The eligibility parameters for free/reduced applications are entered into the school software (Harmony) by the Food Service Director. The Payroll Specialist is notified that the parameters are available and she verifies that the information is properly entered.

The public announcement for determining eligibility of children for free and reduced meal prices are available at the annual centralized registration, each school office and is available on the corporation's website.

Debbie Ballock
(Signature)
Food Service Director
(Title)
4/4/19
(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-004

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture
"National School Food Service Program for Children"

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-2426

Status of Audit Finding:

The Food Service Director obtains additional pricing or quotes for small purchases exceeding \$3,500.

The Food Service Director verifies that vendors are not suspended or disbarred from participation in federal programs prior to entering into a contract.

Debbie Ballock
(Signature)

Food Service Director
(Title)

4/4/19
(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-005

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Dept. of Agriculture
"National School Food Service Program"

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426

Status of Audit Finding:

Effective July 1, 2018 the Corporation Business Manager/Treasurer verifies that each school provides a monthly income report when submitting their checks to the Central Office. This procedure ensures that only meals served are reported in the financials.

(Signature)

Business Manager

(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-006

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: U.S. Dept. of Agriculture
"National School Food Service Program"

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-2426

Status of Audit Finding:

The Annual Financial Reports, Monthly Sponsor Claims for Reimbursement and School Food Authority (SFA) Verification Collection Reports will be prepared by the Food Service Director and submitted to central office for review.

Debbie Ballock
(Signature)

Food Service Director
(Title)

4/4/19
(Date)



SOUTH VERMILION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-007

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education
"Title I Grants to Local Agencies"

Contact Person Responsible for Corrective Action: Jennifer French

Contact Phone Number: 765-832-2426

Status of Audit Finding:

The Title I Director ensures that payroll related benefits are allowable costs, per the grant agreement, utilizing payroll detail provided by the Payroll Specialist. Claims for fringe benefits are also reviewed to ensure only Title I staff are charged to grant funds.

The Title I Director prepares the School Improvement Plans and are approved by the Superintendent prior to submission to the Indiana Department of Education.

J French
(Signature)

DIRECTOR C+I
(Title)

4/5/2019
(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-008

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education
"Title I Grants to Local Agencies"

Contact Person Responsible for Corrective Action: Mark Schimmel, High School Principal

Contact Phone Number: 765-832-3551

Status of Audit Finding:

The high school Principal and Guidance Department make every effort to keep accurate accounts of students who withdraw from school. Records are also verified by checking RT records on the STN Application Center. South Vermillion High school makes efforts to obtain his/her current whereabouts. If it is determined that the student withdrew and did not enroll elsewhere, that student is then marked as a dropout with the appropriate withdraw code in the student management system.

MS
(Signature)

Principal
(Title)

4/4/19
(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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Clinton, IN 47842

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-009

Fiscal Year in which the finding initially occurred: FY 2014-15 2015-16

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education
"Special Education Grants to States"

Contact Person Responsible for Corrective Action: Jennifer Fossi, Director of Technology

Contact Phone Number: 765-832-2426

Status of Audit Finding:

The Data Collection Reports are maintained, signed and verified. Digital files are in one central drive on South Vermillion's server.

Jennifer A Fossi
(Signature)

Technology Director
(Title)

4/4/19
(Date)



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

REPORT PERIOD: JULY 1, 2016 - JUNE 30, 2018

FINDING 2018-001- REPEAT (B50668)

Contact Person: Cindy Guinn
Contact Phone Number: 765-832-2426

ISSUE:

RECEIPTS – The Business Manager (Cindy Guinn) issued receipts, recorded receipts and took deposits to bank – no segregation of duties or oversight.

PAYROLL – The corporation had no documented controls to ensure employees were paid the correct amount or from the proper fund

SEFA – The corporation did not have an adequate control system in place to ensure the accuracy of the SEFA prior to submission.

UNIT RESPONSE-CAUSE OF ISSUE:

DUE TO THE DELAY IN AUDITING SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION FOR THE PERIOD OF July 14, 2014-June 30, 2016 (audit completed June of 2018), THERE WAS NO TIME TO TAKE CORRECTIVE ACTION DURING THIS REPORT PERIOD.

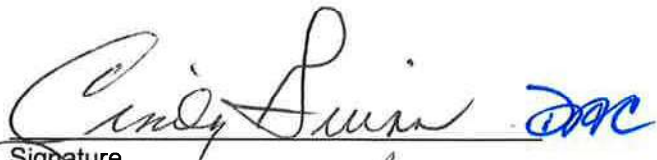
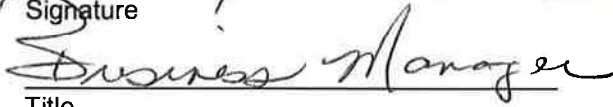
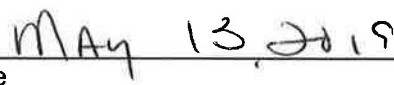
STEPS TAKEN TO CORRECT THE ISSUE(S):

RECEIPTS – Cindy Guinn (Treasurer/Business Manager) has Stephanie Farrington (Payroll/Personnel) confirm each prepared deposit and initial the bank deposit slip.

PAYROLL – Stephanie Farrington (Payroll/Personnel) runs payroll reports for each payroll that confirm employees are paid from the proper funds and amount. This report is reviewed by the Treasurer/Business Manager to ensure accuracy.

SEFA – The SEFA report is reviewed by Dave Chapman (Superintendent) to ensure accuracy prior to submission to the Indiana Gateway System.

Completion Date: July 1, 2018


Signature

Title

Date

765-832-2426

FAX: 765-832-7391

WWW.SVCS.K12.IN.US

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-002 – REPEAT (2016-003)

Contact Person Responsible: Debbie Ballock

Contact Phone Number: 765-832-7727

ISSUE:

The School Corporation had not established adequate internal controls to ensure the eligibility determination for free and reduced meal applications were correct or ensure that the eligibility parameters were properly entered in the software; - no documented oversight, review or approval.

The School Corporation had not established effective controls to ensure the criteria for determining eligibility for free and reduced meal prices were publicly announced.

UNIT RESPONSE-CAUSE OF ISSUE:

DUE TO THE DELAY IN AUDITING SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION FOR THE PERIOD OF July 14, 2014-June 30, 2016 (audit completed June of 2018), THERE WAS NO TIME TO TAKE CORRECTIVE ACTION DURING THIS REPORT PERIOD.

STEPS TAKEN TO CORRECT THE ISSUE(S):

Each school treasurer verifies each free/reduced price applications and performs the calculations. The Food Service Director then reviews/approves to ensure accuracy.

The Food Service Director (Debbie Ballock) provides documentation that the free and reduced meal prices are publically announced - by use of the corporation's website - as well as having the forms available at each school during registration.

Completion Date: July 1, 2018

Debbie Ballock *DMC*
Signature

FSD
Title

MAY 13, 2019
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-003 – REPEAT (2016-004)

Contact Person Responsible for Corrective Action: Debbie Ballock
Contact Phone Number: 765-832-7727

ISSUE:

PROCUREMENT – The School Corporation had not established an effective system of internal controls related to the grant agreement for small purchases exceeding \$3,500.

SUSPENSION AND DEBARMENT – The School Corporation had not established controls to ensure compliance with their procurement policy addressing suspension and debarment.

UNIT RESPONSE-CAUSE OF ISSUE:

DUE TO THE DELAY IN AUDITING SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION FOR THE PERIOD OF July 14, 2014-June 30, 2016 (audit completed June of 2018), THERE WAS NO TIME TO TAKE CORRECTIVE ACTION DURING THIS REPORT PERIOD.

STEPS TAKEN TO CORRECT THE ISSUE(S):

PROCUREMENT – The Food Service Director obtains additional pricing or quotes for small purchases exceeding \$3,500 and keeps all quotes for documentation. Copies are sent to the Business Manager for verification.

SUSPENSION AND DEBARMENT – The Food Service Director verifies that vendors are not suspended or debarred by requiring certification from each vendor and/or checking the SAM website. This verification is sent to the Business Manager for documentation.

Completion Date: July 1, 2018

Debbie Ballock ^{ag}
Signature

FSD
Title

MAY 13, 2019
Date

765-832-2426

FAX: 765-832-7391

WWW.SVCS.K12.IN.US

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT
P.O. Box 387
Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-004 – REPEAT (2016-002)

Contact Person Responsible for Corrective Action: Debbie Ballock
Contact Phone Number: 765-832-7727

ISSUE:

SPECIAL TESTS AND PROVISIONS- The School Corporation had not established an effective system of internal controls and following the paid lunch equity compliance requirements.

UNIT RESPONSE-CAUSE OF ISSUE:

DUE TO THE DELAY IN AUDITING SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION FOR THE PERIOD OF July 14, 2014-June 30, 2016 (audit completed June of 2018), THERE WAS NO TIME TO TAKE CORRECTIVE ACTION DURING THIS REPORT PERIOD.

STEPS TAKEN TO CORRECT THE ISSUE(S):

SPECIAL TESTS AND PROVISIONS – Each school treasurer performs the paid lunch equity calculation. The Food Service Director then reviews and approves each to ensure accuracy.

Completion Date: July 1, 2018

Debbie Ballock *DB*
Signature

FSD
Title

MAY 13, 2019
Date



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-005 – REPEAT (2016-005)

Contact Person Responsible for Corrective Action: Cindy Guinn
Contact Phone Number: 765-832-2426

ISSUE:

The School Corporation had not designed or implemented adequate controls to ensure program income was correctly records. Prepaid meal collections were commingled with collections from sales, ala-carte and catering and recorded as program income.

UNIT RESPONSE-CAUSE OF ISSUE:

DUE TO THE DELAY IN AUDITING SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION FOR THE PERIOD OF July 14, 2014-June 30, 2016 (audit completed June of 2018), THERE WAS NO TIME TO TAKE CORRECTIVE ACTION DURING THIS REPORT PERIOD.

STEPS TAKEN TO CORRECT THE ISSUE(S):

The Business Manager requires monthly program income reports from each school to ensure that only amounts for meals served are transferred as program income. This report is attached to each check the school submits to central office.

Completion Date: July 1, 2018

Cindy Guinn DAC
Signature

Business Manager
Title

May 13, 2019
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-006 – REPEAT (2016-006)

Contact Person Responsible for Corrective Action: Debbie Ballock
Contact Phone Number: 765-832-7727

ISSUE:

The School Corporation did not have an effective internal control system in place to ensure compliance with requirements related to the grant agreement and reporting compliance. The Monthly Sponsor Claims for Reimbursement, and School Food Authority Verification Collection Reports were prepared and submitted by one individual without documented oversight, review or approval process.

UNIT RESPONSE – CAUSE OF ISSUE:

DUE TO THE DELAY IN AUDITING SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION FOR THE PERIOD OF July 14, 2014-June 30, 2016 (audit completed June of 2018), THERE WAS NO TIME TO TAKE CORRECTIVE ACTION DURING THIS REPORT PERIOD.

STEPS TAKEN TO CORRECT THE ISSUE(S):

The Annual Financial Reports, Monthly Sponsor Claims for Reimbursement and School Food Authority (SFA) Verification Collection Reports are prepared by the Food Service Director and submitted to central office for review prior to submission.

Completion Date: July 1, 2018

Debbie Ballock *DB*
Signature

FSD
Title

May 13, 2019
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits

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/>.