

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

ELWOOD COMMUNITY SCHOOL CORPORATION  
MADISON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
06/18/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joa Griffith Linda Jones	07-01-16 to 04-14-19 04-15-19 to 12-31-19
Superintendent of Schools	Dr. Christopher E. Daughtry Dr. Casey Smitherman Dr. Joe Brown (interim)	07-01-16 to 06-30-18 07-01-18 to 02-01-19 02-02-19 to 06-30-19
President of the School Board	Stephanie Hoel Arnie Bell Robert Savage Paul Brent Kane	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ELWOOD COMMUNITY SCHOOL  
CORPORATION, MADISON COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Elwood 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 ELWOOD COMMUNITY SCHOOL  
CORPORATION, MADISON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Elwood 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Elwood 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.

ELWOOD 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		Disbursements	Other Financing Sources (Uses)		Cash and Investments		Other Financing Sources (Uses)		Cash and Investments	
	07-01-16	Receipts		06-30-17	Receipts	Disbursements	06-30-18				
General	\$ 1,342,489	\$ 10,764,931	\$ 10,867,544	\$ (838)	\$ 1,239,038	\$ 11,019,791	\$ 10,702,143	\$ 2,254	\$ 1,558,940		
Debt Service	780,703	1,773,254	1,539,746	-	1,014,211	1,803,647	1,722,810	-	1,095,048		
Retirement/Severance Bond Debt Service	118,731	226,039	220,895	-	123,875	233,694	220,760	-	136,809		
Capital Projects	83,585	313,827	320,907	3	76,508	318,017	273,552	-	120,973		
School Transportation	75,772	241,949	365,085	-	(47,364)	292,127	223,599	-	21,164		
School Bus Replacement	63,651	53,301	-	-	116,952	47,576	-	-	164,528		
Rainy Day	432,000	-	-	-	432,000	-	-	-	432,000		
Construction	-	-	-	-	-	145,137	111,000	-	34,137		
CSF Technology	(87,900)	91,042	3,142	-	-	-	-	-	-		
School Lunch	156,919	1,038,841	1,020,120	-	175,640	1,121,343	1,023,526	-	273,457		
Textbook Rental	483,905	129,065	252,177	-	360,793	290,464	185,681	-	465,576		
Child Care Program	28,794	262,065	281,744	-	9,115	435,430	462,553	-	(18,008)		
ABC Early Learning Center "Y"	-	-	-	-	-	2,500	1,254	-	1,246		
Early Learning Indiana	-	-	-	-	-	93,250	68,967	-	24,283		
Educational License Plates	2,440	94	-	-	2,534	56	-	-	2,590		
Alternative Education	5,410	9,517	9,409	-	5,518	9,876	9,769	-	5,625		
Early Intervention Fund	6,000	9,845	15,845	-	-	8,256	8,256	-	-		
Early Intervention Grant (EIG)	-	7,951	638	-	7,313	-	7,313	-	-		
Donations, Gifts, and Trusts	84,914	199,178	158,701	-	125,391	75,355	112,875	-	87,871		
Pre-School - Reichart Donated	50,199	43,200	93,399	-	-	-	-	-	-		
Birdie Smith 4 YR Donation	12,466	12,000	24,398	-	68	12,000	-	-	12,068		
Measured Progress High School	692	-	692	-	-	-	-	-	-		
Dollar General Grant - EES	-	3,999	3,999	-	-	-	-	-	-		
Interlocal - Noblesville	(516)	931	415	-	-	-	2,380	-	(2,380)		
Adult and Continuing Education 2015-16 / 2017-18	(2,754)	3,654	900	-	-	219,489	237,015	-	(17,526)		
Adult and Continuing Education 2016-17	-	274,820	290,258	-	(15,438)	15,603	165	-	-		
Hamilton County Community Corrections	(5,786)	7,194	450	-	958	-	958	-	-		
Adult Education	-	9,024	10,710	-	(1,686)	3,002	1,316	-	-		
Adult Basic Education/Other	(1,850)	-	(1,850)	-	-	3,750	10,112	-	(6,362)		
Adult & Continuing Education	-	-	-	-	-	1,432	1,432	-	-		
Adult/Continuing Ed/English	(6,365)	7,536	1,171	-	-	-	1,909	-	(1,909)		
Recreational Activities	2,397	2,800	2,183	-	3,014	3,600	-	-	6,614		
Scholarships and Awards	400	-	400	-	-	-	-	-	-		
Miscellaneous Programs	-	204	187	-	17	-	-	-	17		
Migrant - Alexandria	-	3,289	3,289	-	-	-	-	-	-		
Cape - EES & EIS 2017	-	1,389	822	-	567	-	567	-	-		
Kindergarten Camp 2015	-	4,575	4,575	-	-	5,177	5,177	-	-		
Formative Assessment	-	19,681	19,681	-	-	-	-	-	-		
Special Education Excess Costs	-	89,260	89,260	-	-	80,305	79,849	-	456		
2016 - 2017 High Ability	-	31,115	6,945	-	24,170	-	24,170	-	-		
Instruction Support	29,598	-	29,598	-	-	30,899	30,899	-	-		

ELWOOD 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
Secured Schools Safety Grant	(5,581)	10,000	14,419	-	(10,000)	10,000	-	-	-
Non-English Speaking Programs	968	-	968	-	-	6,750	5,389	-	1,361
NESP Grant	-	5,566	5,551	-	15	-	15	-	-
School Technology	11,599	39,411	19,277	-	31,733	40,967	45,476	-	27,224
Career and Technical Performance Grant	-	7,957	-	-	7,957	12,454	13,958	-	6,453
Performance Based Awards	-	-	-	-	-	43,906	43,906	-	-
Senator David Ford Technology	(2,256)	50,125	48,199	-	(330)	24,169	23,839	-	-
Title I 1003G SIG School Improvement	-	83,135	132,373	-	(49,238)	108,983	59,745	-	-
School Improvement 1003(A)	-	-	15,500	-	(15,500)	44,529	29,029	-	-
Title I SIG 1003G	-	-	-	-	-	133,986	150,871	-	(16,885)
Title I	-	227,148	279,200	-	(52,052)	237,911	185,859	-	-
Title I 2013-14 / 2015-16	(146,395)	250,109	103,714	-	-	284,134	343,527	-	(59,393)
Title I 1003 School Improvement	(1,500)	1,500	-	-	-	-	-	-	-
Edgewood Title I School Improvement	-	-	-	-	-	6,186	12,552	-	(6,366)
School Improvement Oakland	-	-	-	-	-	22,458	30,737	-	(8,279)
IDEA	(117,363)	117,363	-	-	-	-	174,867	-	(174,867)
PL 94-142 FY 11-12	(134,686)	413,887	279,201	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	203,706	-	(203,706)	436,408	232,702	-	-
Preschool Handicap	(14,355)	29,355	16,198	1,198	-	-	9,373	-	(9,373)
Pre-School	-	-	14,561	-	(14,561)	28,281	15,414	-	(1,694)
Adult Basic Education 2016-17	-	17,331	88,418	-	(71,087)	88,780	17,693	-	-
Adult Basic Education 2015-16 / 2017-18	(37,016)	93,254	56,238	-	-	19,609	107,911	-	(88,302)
Adult Basic Education	6,988	-	-	-	6,988	-	-	-	6,988
Title IV 11-16-17 to 9-30-19	-	-	-	-	-	-	10,410	-	(10,410)
Vocational and Technology Board Grants	(34,246)	74,643	40,397	-	-	-	100,025	-	(100,025)
Perkins Basic Grant	(12,268)	38,800	26,532	-	-	30,525	65,433	-	(34,908)
Perkins Grant	-	42,229	74,614	-	(32,385)	38,992	6,607	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	54,679	-	(54,679)
ITQ, Enhanced Education Through Technology, Title II, Part D	-	33,057	61,360	-	(28,303)	51,365	23,062	-	-
Title II Part A Improving Teacher Quality	(39,699)	47,821	8,122	-	-	-	-	-	-
Prepaid Lunch	-	18,537	-	-	18,537	88,247	97,380	-	9,404
Payroll Clearing	12,316	2,538,901	2,525,896	-	25,321	2,391,529	2,390,979	-	25,871
Totals	\$ 3,142,400	\$ 19,775,699	\$ 19,651,879	\$ 363	\$ 3,266,583	\$ 20,421,945	\$ 19,781,445	\$ 2,254	\$ 3,909,337

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

ELWOOD 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.

ELWOOD 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.

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*C. Additional Pension Plans*

The School Corporation also contributes to additional pension plans unique to the School Corporation such as a 401a with Met Life and a VEBA with Security Benefit, both at .5 percent each pay. Information regarding these plans may be obtained from the School Corporation.

ELWOOD COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 7. *Negative Disbursement***

The financial statement contains a disbursement which appear as a negative entry. This is a result of correction of errors made from the prior period. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

**Note 8. *Cash Balance Deficits***

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. In addition, the Child Care Program fund expended more than received for the year ended June 30, 2018, which resulted in a deficit balance at June 30, 2018.

**Note 9. *Holding Corporation***

The School Corporation has entered into a capital lease with Elwood Middle School Building Corp (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$269,000 and \$306,500, respectively.

**Note 10. *Other Postemployment Benefit***

The School Corporation provides to eligible retirees and their spouses the following benefit: Contributions of up to \$2,000 into a voluntary employee beneficiary association (VEBA) account for certified retirees under the age of 65. The benefit poses a liability to the School Corporation for this year and in future years. Information regarding the benefit can be obtained by contacting the School Corporation.

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#### OTHER INFORMATION - UNAUDITED

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

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

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

ELWOOD COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	CSF Technology	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,342,489	\$ 780,703	\$ 118,731	\$ 83,585	\$ 75,772	\$ 63,651	\$ 432,000	\$ -	\$ (87,900)	\$ 156,919	\$ 483,905
Receipts:											
Local sources	237,975	1,773,254	226,039	313,827	241,949	53,301	-	-	-	243,915	49,322
Intermediate sources	176	-	-	-	-	-	-	-	-	-	-
State sources	10,526,780	-	-	-	-	-	-	-	-	5,470	79,743
Federal sources	-	-	-	-	-	-	-	-	-	789,456	-
Temporary loans	-	-	-	-	-	-	-	-	91,042	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	10,764,931	1,773,254	226,039	313,827	241,949	53,301	-	-	91,042	1,038,841	129,065
Disbursements:											
Instruction	6,390,796	-	-	-	-	-	-	-	-	-	-
Support services	4,371,787	-	-	197,113	365,085	-	-	-	3,142	10,803	252,177
Noninstructional services	101,729	-	-	-	-	-	-	-	-	1,008,732	-
Facilities acquisition and construction	3,232	-	-	123,794	-	-	-	-	-	585	-
Debt service	-	1,539,746	220,895	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,867,544	1,539,746	220,895	320,907	365,085	-	-	-	3,142	1,020,120	252,177
Excess (deficiency) of receipts over disbursements	(102,613)	233,508	5,144	(7,080)	(123,136)	53,301	-	-	87,900	18,721	(123,112)
Other financing sources (uses):											
Sale of capital assets	360	-	-	3	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(1,198)	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(838)	-	-	3	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(103,451)	233,508	5,144	(7,077)	(123,136)	53,301	-	-	87,900	18,721	(123,112)
Cash and investments - ending	\$ 1,239,038	\$ 1,014,211	\$ 123,875	\$ 76,508	\$ (47,364)	\$ 116,952	\$ 432,000	\$ -	\$ -	\$ 175,640	\$ 360,793

ELWOOD COMMUNITY SCHOOL CORPORATION  
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	Child Care Program	ABC Early Learning Center "Y"	Early Learning Indiana	Educational License Plates	Alternative Education	Early Intervention Fund	Early Intervention Grant (EIG)	Donations, Gifts, and Trusts	Pre-School - Reichart Donated	Birdie Smith 4 YR Donation	Measured Progress High School
Cash and investments - beginning	\$ 28,794	\$ -	\$ -	\$ 2,440	\$ 5,410	\$ 6,000	\$ -	\$ 84,914	\$ 50,199	\$ 12,466	\$ 692
Receipts:											
Local sources	262,065	-	-	-	-	-	-	199,178	43,200	12,000	-
Intermediate sources	-	-	-	94	-	-	-	-	-	-	-
State sources	-	-	-	-	9,517	9,845	7,951	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	262,065	-	-	94	9,517	9,845	7,951	199,178	43,200	12,000	-
Disbursements:											
Instruction	280,998	-	-	-	6,609	-	-	40,193	93,399	-	692
Support services	746	-	-	-	2,800	15,845	638	77,752	-	24,398	-
Noninstructional services	-	-	-	-	-	-	-	39,522	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	1,234	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	281,744	-	-	-	9,409	15,845	638	158,701	93,399	24,398	692
Excess (deficiency) of receipts over disbursements	(19,679)	-	-	94	108	(6,000)	7,313	40,477	(50,199)	(12,398)	(692)
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	(19,679)	-	-	94	108	(6,000)	7,313	40,477	(50,199)	(12,398)	(692)
Cash and investments - ending	\$ 9,115	\$ -	\$ -	\$ 2,534	\$ 5,518	\$ -	\$ 7,313	\$ 125,391	\$ -	\$ 68	\$ -

ELWOOD 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

	Dollar General Grant - EES	Interlocal - Noblesville	Adult and Continuing Education 2015-16 / 2017-18	Adult and Continuing Education 2016-17	Hamilton County Community Corrections	Adult Education	Adult Basic Education/ Other	Adult & Continuing Education	Adult/ Continuing Ed/ English	Recreational Activities	Scholarships and Awards
Cash and investments - beginning	\$ -	\$ (516)	\$ (2,754)	\$ -	\$ (5,786)	\$ -	\$ (1,850)	\$ -	\$ (6,365)	\$ 2,397	\$ 400
Receipts:											
Local sources	3,999	931	-	-	-	-	-	-	7,536	2,800	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	3,654	274,820	7,194	9,024	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	3,999	931	3,654	274,820	7,194	9,024	-	-	7,536	2,800	-
Disbursements:											
Instruction	3,927	415	844	214,795	450	9,986	(258)	-	1,171	-	-
Support services	72	-	56	75,463	-	724	(1,592)	-	-	2,183	400
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,999	415	900	290,258	450	10,710	(1,850)	-	1,171	2,183	400
Excess (deficiency) of receipts over disbursements	-	516	2,754	(15,438)	6,744	(1,686)	1,850	-	6,365	617	(400)
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	-	516	2,754	(15,438)	6,744	(1,686)	1,850	-	6,365	617	(400)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (15,438)	\$ 958	\$ (1,686)	\$ -	\$ -	\$ -	\$ 3,014	\$ -

ELWOOD COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Miscellaneous Programs	Migrant - Alexandria	Cape - EES & EIS 2017	Kindergarten Camp 2015	Formative Assessment	Special Education Excess Costs	2016 - 2017 High Ability	Instruction Support	Secured Schools Safety Grant	Non-English Speaking Programs	NESP Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,598	\$ (5,581)	\$ 968	\$ -
Receipts:											
Local sources	204	3,289	1,389	4,575	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	19,681	89,260	31,115	-	10,000	-	5,566
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	204	3,289	1,389	4,575	19,681	89,260	31,115	-	10,000	-	5,566
Disbursements:											
Instruction	-	3,018	-	3,768	-	-	6,755	26,084	4,419	-	-
Support services	-	271	822	807	19,681	89,260	190	3,514	10,000	968	5,551
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	187	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	187	3,289	822	4,575	19,681	89,260	6,945	29,598	14,419	968	5,551
Excess (deficiency) of receipts over disbursements	17	-	567	-	-	-	24,170	(29,598)	(4,419)	(968)	15
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	17	-	567	-	-	-	24,170	(29,598)	(4,419)	(968)	15
Cash and investments - ending	\$ 17	\$ -	\$ 567	\$ -	\$ -	\$ -	\$ 24,170	\$ -	\$ (10,000)	\$ -	\$ 15

ELWOOD COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 AND INVESTMENT BALANCES - REGULATORY BASIS  
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	School Technology	Career and Technical Performance Grant	Performance Based Awards	Senator David Ford Technology	Title I 1003G School Improvement	School Improvement 1003(A)	Title I SIG 1003G	Title I	Title I 2013-14 / 2015-16	Title I 1003 School Improvement	Edgewood Title I School Improvement
Cash and investments - beginning	\$ 11,599	\$ -	\$ -	\$ (2,256)	\$ -	\$ -	\$ -	\$ -	\$ (146,395)	\$ (1,500)	\$ -
Receipts:											
Local sources	33,103	-	-	-	-	-	-	-	146,395	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	6,308	2,807	-	50,125	-	-	-	-	-	-	-
Federal sources	-	5,150	-	-	83,135	-	-	227,148	103,714	1,500	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	39,411	7,957	-	50,125	83,135	-	-	227,148	250,109	1,500	-
Disbursements:											
Instruction	-	-	-	34,853	12,148	-	-	129,345	58,755	-	-
Support services	19,277	-	-	13,346	120,225	15,500	-	148,905	43,609	-	-
Noninstructional services	-	-	-	-	-	-	-	950	1,350	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	19,277	-	-	48,199	132,373	15,500	-	279,200	103,714	-	-
Excess (deficiency) of receipts over disbursements	20,134	7,957	-	1,926	(49,238)	(15,500)	-	(52,052)	146,395	1,500	-
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,134	7,957	-	1,926	(49,238)	(15,500)	-	(52,052)	146,395	1,500	-
Cash and investments - ending	\$ 31,733	\$ 7,957	\$ -	\$ (330)	\$ (49,238)	\$ (15,500)	\$ -	\$ (52,052)	\$ -	\$ -	\$ -

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

	School Improvement Oakland	IDEA	PL 94-142 FY 11-12	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Preschool Handicap	Pre-School	Adult Basic Education 2016-17	Adult Basic Education 2015-16 / 2017-18	Adult Basic Education	Title IV 11-16-17 to 9-30-19	Vocational and Technology Board Grants
Cash and investments - beginning	\$ -	\$ (117,363)	\$ (134,686)	\$ -	\$ (14,355)	\$ -	\$ -	\$ (37,016)	\$ 6,988	\$ -	\$ (34,246)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	11,477
Federal sources	-	117,363	413,887	-	29,355	-	17,331	93,254	-	-	63,166
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	117,363	413,887	-	29,355	-	17,331	93,254	-	-	74,643
Disbursements:											
Instruction	-	-	247,304	183,679	16,198	10,947	73,974	39,973	-	-	9,141
Support services	-	-	31,897	20,027	-	3,614	14,444	16,265	-	-	31,256
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	279,201	203,706	16,198	14,561	88,418	56,238	-	-	40,397
Excess (deficiency) of receipts over disbursements	-	117,363	134,686	(203,706)	13,157	(14,561)	(71,087)	37,016	-	-	34,246
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,198	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,198	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	117,363	134,686	(203,706)	14,355	(14,561)	(71,087)	37,016	-	-	34,246
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (203,706)	\$ -	\$ (14,561)	\$ (71,087)	\$ -	\$ 6,988	\$ -	\$ -

ELWOOD 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

	Perkins Basic Grant	Perkins Grant	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Title II Part A Improving Teacher Quality	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ (12,268)	\$ -	\$ -	\$ -	\$ (39,699)	\$ -	\$ 12,316	\$ 3,142,400
Receipts:								
Local sources	-	-	-	-	-	-	-	3,860,246
Intermediate sources	-	-	-	-	-	-	-	270
State sources	-	-	-	-	-	-	-	11,160,337
Federal sources	38,800	42,229	-	33,057	47,821	-	-	2,106,366
Temporary loans	-	-	-	-	-	-	-	91,042
Other receipts	-	-	-	-	-	18,537	2,538,901	2,557,438
<b>Total receipts</b>	<b>38,800</b>	<b>42,229</b>	<b>-</b>	<b>33,057</b>	<b>47,821</b>	<b>18,537</b>	<b>2,538,901</b>	<b>19,775,699</b>
Disbursements:								
Instruction	23,786	29,589	-	-	-	-	-	7,957,753
Support services	2,746	45,025	-	61,360	8,122	-	-	6,126,274
Noninstructional services	-	-	-	-	-	-	-	1,152,283
Facilities acquisition and construction	-	-	-	-	-	-	-	129,032
Debt service	-	-	-	-	-	-	-	1,760,641
Nonprogrammed charges	-	-	-	-	-	-	2,525,896	2,525,896
<b>Total disbursements</b>	<b>26,532</b>	<b>74,614</b>	<b>-</b>	<b>61,360</b>	<b>8,122</b>	<b>-</b>	<b>2,525,896</b>	<b>19,651,879</b>
Excess (deficiency) of receipts over disbursements	12,268	(32,385)	-	(28,303)	39,699	18,537	13,005	123,820
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	363
Transfers in	-	-	-	-	-	-	-	1,198
Transfers out	-	-	-	-	-	-	-	(1,198)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,268	(32,385)	-	(28,303)	39,699	18,537	13,005	124,183
Cash and investments - ending	\$ -	\$ (32,385)	\$ -	\$ (28,303)	\$ -	\$ 18,537	\$ 25,321	\$ 3,266,583

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	CSF Technology	School Lunch	Textbook Rental	Child Care Program
Cash and investments - beginning	\$ 1,239,038	\$ 1,014,211	\$ 123,875	\$ 76,508	\$ (47,364)	\$ 116,952	\$ 432,000	\$ -	\$ -	\$ 175,640	\$ 360,793	\$ 9,115
Receipts:												
Local sources	487,088	1,803,647	233,694	318,017	291,671	47,576	-	145,137	-	296,487	39,836	435,430
Intermediate sources	88	-	-	-	-	-	-	-	-	-	-	-
State sources	10,532,615	-	-	-	190	-	-	-	-	5,686	250,628	-
Federal sources	-	-	-	-	-	-	-	-	-	819,170	-	-
Other receipts	-	-	-	-	266	-	-	-	-	-	-	-
Total receipts	11,019,791	1,803,647	233,694	318,017	292,127	47,576	-	145,137	-	1,121,343	290,464	435,430
Disbursements:												
Instruction	6,259,857	-	-	-	-	-	-	-	-	-	4,584	461,652
Support services	4,331,194	163,985	-	227,480	223,599	-	-	111,000	-	122,254	181,097	901
Noninstructional services	106,165	-	-	-	-	-	-	-	-	900,957	-	-
Facilities acquisition and construction	4,927	-	-	46,072	-	-	-	-	-	315	-	-
Debt service	-	1,558,825	220,760	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,702,143	1,722,810	220,760	273,552	223,599	-	-	111,000	-	1,023,526	185,681	462,553
Excess (deficiency) of receipts over disbursements	317,648	80,837	12,934	44,465	68,528	47,576	-	34,137	-	97,817	104,783	(27,123)
Other financing sources (uses):												
Sale of capital assets	2,254	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,254	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	319,902	80,837	12,934	44,465	68,528	47,576	-	34,137	-	97,817	104,783	(27,123)
Cash and investments - ending	\$ 1,558,940	\$ 1,095,048	\$ 136,809	\$ 120,973	\$ 21,164	\$ 164,528	\$ 432,000	\$ 34,137	\$ -	\$ 273,457	\$ 465,576	\$ (18,008)

ELWOOD 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

	ABC Early Learning Center "Y"	Early Learning Indiana	Educational License Plates	Alternative Education	Early Intervention Fund	Early Intervention Grant (EIG)	Donations, Gifts, and Trusts	Pre-School - Reichart Donated	Birdie Smith 4 YR Donation	Measured Progress High School	Dollar General Grant - EES	Interlocal - Noblesville
Cash and investments - beginning	\$ -	\$ -	\$ 2,534	\$ 5,518	\$ -	\$ 7,313	\$ 125,391	\$ -	\$ 68	\$ -	\$ -	\$ -
Receipts:												
Local sources	2,500	-	-	-	-	-	75,355	-	12,000	-	-	-
Intermediate sources	-	-	56	-	-	-	-	-	-	-	-	-
State sources	-	93,250	-	9,876	8,256	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	2,500	93,250	56	9,876	8,256	-	75,355	-	12,000	-	-	-
Disbursements:												
Instruction	1,254	31,572	-	4,251	-	-	56,575	-	-	-	-	-
Support services	-	3,690	-	5,518	8,256	7,313	3,460	-	-	-	-	2,380
Noninstructional services	-	1,069	-	-	-	-	3,452	-	-	-	-	-
Facilities acquisition and construction	-	32,636	-	-	-	-	49,388	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,254	68,967	-	9,769	8,256	7,313	112,875	-	-	-	-	2,380
Excess (deficiency) of receipts over disbursements	1,246	24,283	56	107	-	(7,313)	(37,520)	-	12,000	-	-	(2,380)
Other financing sources (uses):												
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,246	24,283	56	107	-	(7,313)	(37,520)	-	12,000	-	-	(2,380)
Cash and investments - ending	\$ 1,246	\$ 24,283	\$ 2,590	\$ 5,625	\$ -	\$ -	\$ 87,871	\$ -	\$ 12,068	\$ -	\$ -	\$ (2,380)

ELWOOD 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 and Continuing Education 2015-16 / 2017-18	Adult and Continuing Education 2016-17	Hamilton County Community Corrections	Adult Education	Adult Basic Education/ Other	Adult & Continuing Education	Adult/ Continuing Ed/ English	Recreational Activities	Scholarships and Awards	Miscellaneous Programs	Migrant - Alexandria
Cash and investments - beginning	\$ -	\$ (15,438)	\$ 958	\$ (1,686)	\$ -	\$ -	\$ -	\$ 3,014	\$ -	\$ 17	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	3,600	-	-	-
Intermediate sources	-	-	-	-	-	1,432	-	-	-	-	-
State sources	219,489	15,603	-	3,002	3,750	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	219,489	15,603	-	3,002	3,750	1,432	-	3,600	-	-	-
Disbursements:											
Instruction	185,400	165	958	1,315	8,692	1,206	1,909	-	-	-	-
Support services	51,615	-	-	1	1,420	226	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	237,015	165	958	1,316	10,112	1,432	1,909	-	-	-	-
Excess (deficiency) of receipts over disbursements	(17,526)	15,438	(958)	1,686	(6,362)	-	(1,909)	3,600	-	-	-
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,526)	15,438	(958)	1,686	(6,362)	-	(1,909)	3,600	-	-	-
Cash and investments - ending	\$ (17,526)	\$ -	\$ -	\$ -	\$ (6,362)	\$ -	\$ (1,909)	\$ 6,614	\$ -	\$ 17	\$ -

ELWOOD 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

	Cape - EES & EIS 2017	Kindergarten Camp 2015	Formative Assessment	Special Education Excess Costs	2016 - 2017 High Ability	Instruction Support	Secured Schools Safety Grant	Non-English Speaking Programs	NESP Grant	School Technology	Career and Technical Performance Grant	Performance Based Awards
Cash and investments - beginning	\$ 567	\$ -	\$ -	\$ -	\$ 24,170	\$ -	\$ (10,000)	\$ -	\$ 15	\$ 31,733	\$ 7,957	\$ -
Receipts:												
Local sources	-	5,177	-	-	-	-	-	-	-	33,197	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	80,305	-	30,899	10,000	6,750	-	7,770	12,454	43,906
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	5,177	-	80,305	-	30,899	10,000	6,750	-	40,967	12,454	43,906
Disbursements:												
Instruction	-	3,966	-	-	18,309	30,899	-	5,317	-	-	13,958	43,906
Support services	567	1,211	-	79,849	5,861	-	-	72	15	45,476	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	567	5,177	-	79,849	24,170	30,899	-	5,389	15	45,476	13,958	43,906
Excess (deficiency) of receipts over disbursements	(567)	-	-	456	(24,170)	-	10,000	1,361	(15)	(4,509)	(1,504)	-
Other financing sources (uses):												
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(567)	-	-	456	(24,170)	-	10,000	1,361	(15)	(4,509)	(1,504)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 456	\$ -	\$ -	\$ -	\$ 1,361	\$ -	\$ 27,224	\$ 6,453	\$ -

ELWOOD 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

	Senator David Ford Technology	Title I 1003G SIG School Improvement	School Improvement 1003(A)	Title I SIG 1003G	Title I	Title I 2013-14 / 2015-16	Title I 1003 School Improvement	Edgewood Title I School Improvement	School Improvement Oakland	IDEA	PL 94-142 FY 11-12	(IDEA, Part B) LEA Capacity Building (Silver) Grants
Cash and investments - beginning	\$ (330)	\$ (49,238)	\$ (15,500)	\$ -	\$ (52,052)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (203,706)
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	24,169	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	108,983	44,529	133,986	237,911	284,134	-	6,186	22,458	-	-	436,408
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	24,169	108,983	44,529	133,986	237,911	284,134	-	6,186	22,458	-	-	436,408
Disbursements:												
Instruction	7,150	24,814	-	9,553	138,061	177,572	-	-	-	122,855	-	158,825
Support services	16,689	34,931	29,029	140,584	47,798	164,975	-	12,552	30,737	52,012	-	73,877
Noninstructional services	-	-	-	734	-	980	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	23,839	59,745	29,029	150,871	185,859	343,527	-	12,552	30,737	174,867	-	232,702
Excess (deficiency) of receipts over disbursements	330	49,238	15,500	(16,885)	52,052	(59,393)	-	(6,366)	(8,279)	(174,867)	-	203,706
Other financing sources (uses):												
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	330	49,238	15,500	(16,885)	52,052	(59,393)	-	(6,366)	(8,279)	(174,867)	-	203,706
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (16,885)	\$ -	\$ (59,393)	\$ -	\$ (6,366)	\$ (8,279)	\$ (174,867)	\$ -	\$ -

ELWOOD 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

	Preschool Handicap	Pre-School	Adult Basic Education 2016-17	Adult Basic Education 2015-16 / 2017-18	Adult Basic Education	Title IV 11-16-17 to 9-30-19	Vocational and Technology Board Grants	Perkins Basic Grant	Perkins Grant	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D
Cash and investments - beginning	\$ -	\$ (14,561)	\$ (71,087)	\$ -	\$ 6,988	\$ -	\$ -	\$ -	\$ (32,385)	\$ -	\$ (28,303)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	28,281	88,780	19,609	-	-	-	30,525	38,992	-	51,365
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	28,281	88,780	19,609	-	-	-	30,525	38,992	-	51,365
Disbursements:											
Instruction	6,772	9,118	12,542	77,439	-	421	100,025	22,386	5,757	-	-
Support services	2,601	6,296	5,151	30,472	-	9,989	-	43,047	850	54,679	23,062
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,373	15,414	17,693	107,911	-	10,410	100,025	65,433	6,607	54,679	23,062
Excess (deficiency) of receipts over disbursements	(9,373)	12,867	71,087	(88,302)	-	(10,410)	(100,025)	(34,908)	32,385	(54,679)	28,303
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,373)	12,867	71,087	(88,302)	-	(10,410)	(100,025)	(34,908)	32,385	(54,679)	28,303
Cash and investments - ending	\$ (9,373)	\$ (1,694)	\$ -	\$ (88,302)	\$ 6,988	\$ (10,410)	\$ (100,025)	\$ (34,908)	\$ -	\$ (54,679)	\$ -

ELWOOD 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

	Title II Part A Improving Teacher Quality	Prepaid Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ 18,537	\$ 25,321	\$ 3,266,583
Receipts:				
Local sources	-	-	-	4,230,412
Intermediate sources	-	-	-	1,576
State sources	-	-	-	11,358,598
Federal sources	-	-	-	2,351,317
Other receipts	-	88,247	2,391,529	2,480,042
Total receipts	-	88,247	2,391,529	20,421,945
Disbursements:				
Instruction	-	-	-	8,009,035
Support services	-	-	-	6,357,771
Noninstructional services	-	97,380	-	1,110,737
Facilities acquisition and construction	-	-	-	133,338
Debt service	-	-	-	1,779,585
Nonprogrammed charges	-	-	2,390,979	2,390,979
Total disbursements	-	97,380	2,390,979	19,781,445
Excess (deficiency) of receipts over disbursements	-	(9,133)	550	640,500
Other financing sources (uses):				
Sale of capital assets	-	-	-	2,254
Total other financing sources (uses)	-	-	-	2,254
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,133)	550	642,754
Cash and investments - ending	\$ -	\$ 9,404	\$ 25,871	\$ 3,909,337

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ELWOOD 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>\$ 35,118</u>	<u>\$ 206,052</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Elwood Middle School Building Corp	Middle School Roof & Technology	\$ 335,500	6/30/2014	6/30/2021
First Internet Public Finance Corporation	Guaranteed Savings Contract	<u>377,400</u>	10/10/2017	7/15/2037
Total of annual lease payments		<u>\$ 712,900</u>		

Description of Debt	Ending	Principal and Interest Due
Governmental activities:		
General obligation bonds	\$ 315,000	\$ 108,833
Common School Fund Loan	Technology 2847	18,982
Common School Fund Loan	Edgewood Elementary Renovation 0469	425,140
Common School Fund Loan	Elwood High School HVAC 0574	344,740
Common School Fund Loan	Oakland Elementary Renovation 0475	438,188
Common School Fund Loan	Technology 1674	<u>3,208</u>
Totals	<u>\$ 8,279,735</u>	<u>\$ 1,339,091</u>

ELWOOD 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	\$ 10
Infrastructure	407,702
Buildings	32,975,725
Improvements other than buildings	452,288
Machinery, equipment, and vehicles	2,975,228
Construction in progress	<u>6,000,000</u>
Total capital assets	<u>\$ 42,810,953</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE ELWOOD COMMUNITY SCHOOL  
CORPORATION, MADISON COUNTY, INDIANA

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

***Basis for Qualified Opinion on Child Nutrition Cluster***

As described in items 2018-004, 2018-007, and 2018-008 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

As described in item 2018-002 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

In our opinion, except for the noncompliance related to Allowable Costs/Cost Principles, and the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient audit evidence regarding the School Corporation's compliance with Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) requirements, as described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraphs, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-005, 2018-006, 2018-010, 2018-011, 2018-013, and 2018-014. Our opinion on each major federal program is not modified with respect to these matters.

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

***Report on Internal Control over Compliance***

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal

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


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011, 2018-012, 2018-013, and 2018-014, that we consider to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

May 13, 2019

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

ELWOOD 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	FY 2016-2017 FY 2017-2018	\$ - -	\$ 215,734 -	\$ - -	\$ - 216,957
Total - School Breakfast Program				-	215,734	-	216,957
National School Lunch Program School Lunch Program Commodities School Lunch Program Commodities	Indiana Department of Education	10.555	FY 2016-2017 FY 2016-2017 FY 2017-2018 FY 2017-2018	- - - -	573,722 55,801 - -	- - - -	- - 592,348 50,212
Total - National School Lunch Program				-	629,523	-	642,560
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2016-2017 FY 2017-2018	- -	26,493 -	- -	- 40,065
Total - Summer Food Service Program for Children				-	26,493	-	40,065
Total - Child Nutrition Cluster				-	871,750	-	899,582
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2017-2018	-	-	-	15,908
Total - Department of Agriculture				-	871,750	-	915,490
<u>Department of Education</u>							
Adult Education - Basic Grants to States Adult Education Adult Education Adult Education	Indiana Department of Workforce Development	84.002	AE560 AE660 AE760	- - -	93,254 17,331 -	- - -	- 88,780 19,609
Total - Adult Education - Basic Grants to States				-	110,585	-	108,389
Title I Grants to Local Educational Agencies Title I Title I Title I	Indiana Department of Education	84.010	S010A150014 S010A160014 S010A170014	- - -	339,736 139,021 -	- - -	- 351,735 243,484
Total - Title I Grants to Local Educational Agencies				-	478,757	-	595,219

ELWOOD 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 Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed			14215-095-PN01	-	117,363	-	-
Special Ed			14216-088-PN01	-	413,887	-	-
Special Ed			14217-088-PN01	-	-	-	436,408
Total - Special Education Grants to States				-	531,250	-	436,408
Special Education Preschool Grants	Indiana Department of Education	84.173					
Pre-School			45716-088-PN01	-	29,355	-	-
Pre-School			45717-088-PN01	-	-	-	28,281
Total - Special Education Preschool Grants				-	29,355	-	28,281
Total - Special Education Cluster (IDEA)				-	560,605	-	464,689
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048					
Perkins Career and Technical Education			16-4700-5280	-	38,800	-	-
Perkins Career and Technical Education			17-4700-5280	-	42,229	-	38,992
Rural Grant			18-4700-5280	-	-	-	30,525
Rural Grant			A58-6-16CI-3319	-	74,643	-	-
Total - Career and Technical Education - Basic Grants to States				-	155,672	-	69,517
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II			S367A140013	-	47,821	-	-
Title II			S367A150013	-	33,057	-	51,365
Total - Supporting Effective Instruction State Grants				-	80,878	-	51,365
School Improvement Grants	Indiana Department of Education	84.377					
			S377A130015	-	83,135	-	80,965
			S377A140015	-	-	-	162,004
Total - School Improvement Grants				-	83,135	-	242,969
Total - Department of Education				-	1,469,632	-	1,532,148
Total federal awards expended				\$ -	\$ 2,341,382	\$ -	\$ 2,447,638

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

ELWOOD 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.

ELWOOD 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?	no

Federal Awards:

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

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

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

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

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

**FINDING 2018-001**

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

*Repeat Finding*

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

*Condition*

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

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

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

*Context*

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

*Criteria*

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

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

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

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

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

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

*Cause*

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

*Effect*

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

*Recommendation*

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

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

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2018-002**

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

*Repeat Finding*

This is a repeat of findings 2016-003 and 2016-004 from the immediately prior audit regarding Allowable Costs/Cost Principles.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

There were no controls to ensure that utility expenses charged to the programs complied with the allowable cost principles that all federal programs be handled consistently when applying indirect costs. The food service programs were charged \$14,700 during fiscal year 2017-2018. The indirect cost amounts were not determined using the Indirect Cost Unrestricted Rate. The School Corporation determined a flat rate independently and allocated the amount among all of the school buildings. The indirect costs for utilities that were not charged consistently and were not properly documented are considered questioned costs.

Effective controls were not in place to ensure that only applicable employees were paid from program funds. Employees who worked on multiple activities or cost objects during both school years did not maintain personnel activity reports or other documentation of time allocated to the program. Total payroll disbursements paid from the School Lunch fund to the various employees was \$7,730 and \$4,446 for 2016-2017 and 2017-2018, respectively.

*Context*

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

ELWOOD 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 200.414(d) states: "Pass-through entities are subject to the requirements in § 200.331 Requirements for pass-through entities, paragraph (a)(4)."

2 CFR 200.331 states in part:

"All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

- (1) Federal Award Identification. . . .

- (xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs). . . .

- (4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (f); . . ."

2 CFR 200.403 states in part:

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

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

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

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. . . .

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

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

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected.

*Questioned Costs*

Questioned costs of \$26,877 were identified, as described in the *Condition*.

*Recommendation*

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

*Views of Responsible Officials*

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

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

***FINDING 2018-003***

Subject: Child Nutrition Cluster - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Procurement and Suspension and Debarment  
Audit Finding: Material Weakness

*Condition*

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

*Cash Management*

The School Corporation did not have controls in place to ensure that three months average expenditures were calculated for comparison to monthly cash balances and to verify that the comparison was performed.

*Procurement and Suspension and Debarment*

The School Corporation used a Cooperative for purchasing services, but was unable to provide documentation that procurement processes were reviewed and approved at the School Corporation level. The Cooperative also ensured that vendors were not suspended or debarred from using federal awards; however, there was no review process at the School Corporation level.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2018-004**

Subject: School Breakfast Program, National School Lunch Program - 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 2016-2017, FY 2017-2018  
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 2016-005.

*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 Eligibility compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the proper eligibility determinations were made for students prior to providing benefits. Eligibility determinations were made by the Food Service Director, but there was no evidence to support a review of those determinations.

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

The School Corporation had not designed or implemented policies and procedures to ensure that it had complied with the eligibility requirements regarding the notification of the household's eligibility. Officials were not able to provide evidence that parents/guardians were notified of their children's eligibility for benefits.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.333 states in part:

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

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

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

*Views of Responsible Officials*

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

**FINDING 2018-005**

Subject: Child Nutrition Cluster - Equipment

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Equipment and Real Property Management

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. 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 the grant agreement and the equipment requirements related to the Equipment and Real Property Management compliance requirement.

The School Corporation did not have adequate policies and procedures to ensure compliance with the requirements that it maintain records of equipment purchased in whole or in part with federal funds and that it perform a physical inventory of equipment.

The School Corporation did not comply with the equipment requirements. The School Corporation and the Food Service Department each kept a separate list of equipment acquired with federal awards. However, both lists lacked required details, such as the source of funding, title details, acquisition date and cost, location, disposition data including date of disposal, and sale price, among other details.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 200.313(d) states in part:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Equipment and Real Property Management compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

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

*Views of Responsible Officials*

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

**FINDING 2018-006**

Subject: School Breakfast Program, National School Lunch Program - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-008.

*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.

There were no controls in place to ensure that program income was properly recorded. The School Corporation had not properly established the School Lunch Clearing Fund (8400) to account for the prepaid school lunch account balances until June 30, 2018. The School Corporation maintained a Prepaid Lunch fund (clearing fund 810) for prepaid activity, but was not reconciling the prepaid balances of the students from the subsidiary ledgers to the clearing fund reports on a monthly basis. The School Lunch fund was not reporting accurate sales/revenue for student lunches served during the audit period.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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 . . ."

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 documentation."

*Cause*

Management 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 placed the School Corporation in non-compliance with the grant agreement and the Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

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

***FINDING 2018-007***

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

*Repeat Finding*

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

*Condition*

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

The School Corporation prepared and submitted the monthly Sponsor Claims (claims for reimbursement), the Annual Financial Reports, and the School Food Authority (SFA) Verification Summary Reports (verification reports) without evidence of a proper system of oversight or review.

The School Corporation had not designed or implemented policies and procedures to ensure that it had complied with the reporting requirements regarding verification reports. The fiscal year 2016-2017 Verification Summary Report could not be traced to supporting documentation.

*Context*

The lack of controls was a systemic issue throughout the audit period. The noncompliance was isolated to the 2016-2017 verification report.

*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). . . ."

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

7 CFR 245.6a(h) states in part:

*"Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . . All verified applications must be readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official which indicate which documents were submitted by the household and the date of submission. All relevant correspondence between the households selected for verification and the school or local educational agency must be retained. Local educational agencies are encouraged to collect and report any or all verification data elements before the required dates."

*Cause*

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 placed the School Corporation in non-compliance with the grant agreement and the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2018-008**

Subject: School Breakfast Program, National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Findings: Material Weakness, Modified Opinion

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

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2016-010.

*Condition*

The School Corporation had not established an effective internal control system in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements. One employee was primarily responsible for verifying the free and reduced price applications. An oversight or review process, or other compensating control, had not been established to ensure the proper number of applications were verified for accuracy. The School Corporation did not have supporting documentation of the verifications being completed for fiscal year 2016-2017.

*Context*

The lack of controls was a systemic issue throughout the audit period. The lack of adequate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirement.

*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 245.6a(h) states in part:

"*Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . . All verified applications must be readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official which indicate which documents were submitted by the household and the date of submission. All relevant correspondence between the households selected for verification and the school or local educational agency must be retained. Local educational agencies are encouraged to collect and report any or all verification data elements before the required dates."

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

2 CFR 200.333 states in part:

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

*Cause*

The School Corporation had not developed a system of internal controls to both ensure compliance with the grant agreement and ensure that documentation was maintained and made available for audit related to the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

The failure to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to both ensure compliance with the grant agreement and ensure that documentation is maintained and made available for audit related to the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2018-009**

Subject: Title I Grants to Local Educational Agencies - Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014, S010A160014,  
S010A170014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Period of Performance, Reporting, Special Tests  
and Provisions - Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

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

*Repeat Finding*

This is a repeat of findings 2016-011 and 2016-014 from the immediately prior audit.

*Condition*

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

*Cash Management*

There were no controls to ensure expenditures were made before the reimbursement was requested. Not all reimbursement requests included signatures of the preparer and the approver.

*Period of Performance*

There were no controls to ensure that expenditures were made within the period of performance. Reimbursement Requests selected for testing did not have any signatures of a preparer or approver.

*Reporting*

There were no controls to ensure the accuracy of the required reports before submission. Reimbursement Requests selected for testing did not have any signatures of a preparer or approver.

*Special Tests and Provisions - Annual Report Card, High School Graduation Rate*

There were no controls to ensure that the mobility information was accurate and reviewed prior to the students being removed.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above.

*Effect*

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

*Views of Responsible Officials*

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

**FINDING 2018-010**

Subject: Title I Grants to Local Education Agencies - Activities Allowed  
or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014, S010A160014,  
S010A170014

Pass-through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-012.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles. There were no controls to ensure that program expenditures were for allowable activities or allowable costs.

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

An approved salary ordinance/schedule for a bus driver paid from Title I funds was not presented for audit.

*Context*

The lack of controls was a systemic issue throughout the audit period. The noncompliance was isolated only to the bus driver paid from Title I funds.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

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

2 CFR 200.430(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

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

- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the compliance requirements listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2018-011**

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

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-095-PN01, 14216-088-PN01,  
14217-088-PN01, 45716-088-PN01,  
45717-088-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the requirements related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

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

The School Corporation had not implemented procedures which would ensure there was a documented review of the maintenance of effort calculations for fiscal year 2017-2018. The Indiana Department of Education (IDOE) notified the School Corporation of an error in the maintenance of effort calculations for 2017-2018. Corrections were calculated and submitted to the IDOE.

*Context*

The lack of controls and noncompliance occurred during 2017-2018.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . .

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 300.203(b) states:

*"Compliance standard.*

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
  - i. Local funds only;
  - ii. The combination of State and local funds;
  - iii. Local funds only on a per capita basis; or
  - iv. The combination of State and local funds on a per capita basis.

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

- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the level of effort requirements. Noncompliance with the grant agreement and the level of effort requirements could have resulted in the loss of funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management establish controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2018-012**

Subject: Special Education Cluster (IDEA) - Period of Performance

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-095-PN01, 14216-088-PN01,  
14217-088-PN01, 45716-088-PN01,  
45717-088-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Finding: Material Weakness

*Condition*

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

The School Corporation provides no review of the adjustments between special education grant funds to determine if they are for transactions occurring within the period of performance.

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

*Context*

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

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . .

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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*

Management had not developed a system of internal controls to ensure compliance with the Period of Performance 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 Period of Performance compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement 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 to ensure compliance with the grant agreement and the Period of Performance compliance requirement.

*Views of Responsible Officials*

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

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

**FINDING 2018-013**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment  
Federal Agency: Department of Education  
Federal Programs: Special Education Grants to States, Special Education Preschool Grants  
CFDA Numbers: 84.027, 84.173  
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-095-PN01, 14216-088-PN01,  
14217-088-PN01, 45716-088-PN01,  
45717-088-PN01

Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Condition*

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

The School Corporation was unable to provide documentation that any procurement processes were being reviewed, or that vendors used by the School Corporation were not suspended or debarred entities.

*Context*

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

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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). . . ."

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

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. . . ."

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 \$3,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). 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 non-competitive 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 the SAM Exclusions; or

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

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

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could have resulted in the loss of 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 with the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

**FINDING 2018-014**

Subject: Special Education Cluster (IDEA) - Reporting  
Federal Agency: Department of Education  
Federal Programs: Special Education Grants to States, Special Education Preschool Grants  
CFDA Numbers: 84.027, 84.173  
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-095-PN01, 14216-088-PN01,  
14217-088-PN01, 45716-088-PN01,  
45717-088-PN01

Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition*

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

There were no controls to ensure the accuracy of the Child Count Reports and the Final Financial Report for grant #14215-095-PN01 could not be located for review.

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

*Context*

The lack of controls was a systemic issue throughout the audit period. The noncompliance was related to one of the final reports required to be submitted to the Indiana Department of Education during fiscal year 2016-2017.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . .

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

(1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

2 CFR 200.333 states in part:

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

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Reporting compliance requirement was maintained and available for audit.

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Reporting compliance requirement. Noncompliance with the grant agreement and the reporting requirements could have resulted in the loss of 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 with the grant agreement and the Reporting compliance requirement. We recommended that management establish controls to ensure that documentation related to the grant agreement and the Reporting compliance requirement will be maintained and available for audit.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



*The Hope of Our Country*

# Elwood Community School Corporation

1306 N. Anderson St.  
Elwood, IN 46036  
Phone: (765) 552-9861  
Fax: (765) 552-8088

**Dr. Joe Brown**  
Interim Superintendent

**Mrs. Linda Jones**  
Director of Business

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2016-001***

Fiscal year in which the finding initially occurred 2014

Contact Person Responsible for Corrective Action: Joa Griffith, Former Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: This finding is still a work in progress with different individual's responsible to complete. We did not have time between the two (2) audits to have this completed.

### ***FINDING 2016-002***

Fiscal year in which the finding initially occurred: 2010-2012

Contact Person Responsible for Corrective Action: Joa Griffith, Former Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: The finding over the receipts has been corrected; all receipts are now appropriately documented and timely recorded. The finding over the Form 9 was corrected; donation funds were re-coded for individual reporting on Form 9. The finding over the Fund Report was corrected immediately after the 14-16 audit period (November 2018). The printout dates can no longer be overridden and backdated.

### ***FINDING 2016-003***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: This finding has been corrected and the corporation no longer charges a monthly charge for kitchen utilities. We did not have time between the two (2) audits to have this completed.

### ***FINDING 2016-004***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director & Yvette Lawson, Payroll

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: This finding has been corrected. There is no longer split salaries in the cafeteria fund. We did not have time between the two (2) audits to have this completed.

***FINDING 2016-005***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: Roxie Fred is new in her position as Food Service Director and is aware of this finding and making efforts to have it corrected for the 18-20 audit. We did not have time between the two (2) audits to have this completed.

***FINDING 2016-006***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: Roxie Fred is new in her position as Food Service Director and is aware of this finding and making efforts to have it corrected for the 18-20 audit. We did not have time between the two (2) audits to have this completed.

***FINDING 2016-007***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: Roxie Fred is new in her position as Food Service Director and is aware of this finding and making efforts to have it corrected for the 18-20 audit. We did not have time between the two (2) audits to have this completed.

***FINDING 2016-008***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: Fund 8400 has been established and proper procedures will reflect in the 18-20 audit. We did not have time between the two (2) audits to have this completed.

***FINDING 2016-009***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: Roxie Fred is new in her position as Food Service Director and is aware of this finding and making efforts to have it corrected for the 18-20 audit. We did not have time between the two (2) audits to have this completed.

***FINDING 2016-010***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Status of Audit Finding: Roxie Fred is new in her position as Food Service Director and is aware of this finding and making efforts to have it corrected for the 18-20 audit. We did not have time between the two (2) audits to have this completed.

***FINDING 2016-011***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Joa Griffith, Former Treasurer

Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: The preparer and the approver's initials going forward from this finding will be on the reimbursement forms.

***FINDING 2016-012***

Fiscal year in which the finding initially occurred: 2012

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

Contact Person Responsible for Corrective Action: Joa Griffith, Former Treasurer

Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: The preparer and the approver's initials going forward from this finding will be on the reimbursement forms. A salary schedule was approved for the Bus Drivers on 9/28/18 and the Time & Effort records are now monitored closely by the Director of Business.

***FINDING 2016-013***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Joa Griffith, Former Treasurer

Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: The preparer and the approver's signatures will be on the grant applications going forward verifying the various reports within the grant applications.

***FINDING 2016-014***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Joa Griffith, Former Treasurer

Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: The preparer and the approver's signatures will be on the reimbursement forms going forward. It took reaching out to our software company to find the solution to why the three sets of fund numbers were reporting as a total and not individually. There was a setting error and has been subsequently corrected.

***FINDING 2016-015***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Joa Griffith, Former Treasurer

Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Status of Audit Finding: Special Tests and Provisions – Schoolwide Programs no longer applies to the 2016-2018 fiscal/grant years.



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**Dr. Joe Brown**  
Interim Superintendent

**Mrs. Linda Jones**  
Director of Business

## CORRECTIVE ACTION PLAN

### ***FINDING 2018-001***

Contact Person Responsible for Corrective Action: Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

This finding is a repeat finding that had a Corrective Action Plan. The previous Corrective Action Plan, however, did not eliminate errors on the SEFA report. The Director of Business will balance the SEFA report against the Form 9 for accuracy. The Superintendent will continue to review the report from Gateway and initial off showing dual controls.

Anticipated Completion Date: Internal Controls will be completed by 7/31/19.

### ***FINDING 2018-002***

Contact Person Responsible for Corrective Action: Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

The practice to charge utility expenses to our 3 cafeterias has been a long standing practice originally suggested by the Superintendent and approved by the Governing Body many years back before Indirect Costs were developed to be implemented. In May of 2018 the DOE did an on-sight audit of our cafeteria we were sited with an audit finding. The Corporation refunded one year of charges from the General Fund to the Cafeteria Fund as the audit requested before June 30, 2018.

Controls were not in place to ensure that only applicable employees were paid from program funds. Employees who worked on multiple activities or cost objects during both school years did not maintain personnel activity reports or other documentation. Salaries were previously restored back to the General Fund 100%.

Anticipated Completion Date: These controls were implemented on March 1, 2018.

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861 ext. 1063

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

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

The school district will have Internal Controls in place effective 8/1/19 outlining the Procurement and Suspension and Debarment Procedures. The school district will also put in place a control for the school board to approve all contracts above \$25,000.

The school district will have Internal Controls in place effective 8/1/19 for Cash Management creating a worksheet for average monthly expenditures.

Anticipated Completion Date: Internal Controls will be completed by 7/31/19.

**FINDING 2018-004**

Contact Person Responsible for Corrective Action: Roxi Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

This finding is under our previous Food Service Director. The current Food Service Director will immediately implement adequate policies and procedures to ensure proper eligibility determinations were made for students prior to providing benefits and maintain those records. The school district will have internal controls in place having a second person review and sign off on the applications.

Anticipated Completion Date: Our current Food Service Director is aware of this finding and starting maintaining a file starting on October 23, 2018.

**FINDING 2018-005**

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director

Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

The Food Service Director will develop adequate procedures to ensure compliance with the requirements to maintain records of equipment purchased with Federal Funds and a physical inventory of said equipment. Detailed lists will include source of funding, acquisition date, cost, location for future audits. This will be signed off by the Food Service Director. The school district has hired Schert Insurance to maintain our inventory.

Anticipated Completion Date: The proper signature Internal Control was started February 2019.

**FINDING 2018-006**

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director  
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

There were no controls in place to ensure that program income was properly recorded. The school district had not properly established the school Lunch Clearing Fund (8400) to account for the prepaid school lunch account balances until June 30, 2018.

Anticipated Completion Date: This procedure was started in August 2018.

**FINDING 2018-007**

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director  
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

This finding was under the previous Food Service Director. To ensure compliance with requirements related to the grant agreement and the reporting compliance requirement the current Food Service Director will prepare the monthly Sponsor Claims and the Cafeteria Manager(s) will review and sign off on the report to eliminate errors in reporting.

Food Service Director will do a monthly reports and have each manager sign off on their school. The claims will then be submitted for reimbursement. A copy is sent to the school treasurer and signed off by the Food Service Director.

Anticipated Completion Date: This procedure was started in January 2019.

**FINDING 2018-008**

Contact Person Responsible for Corrective Action: Roxie Fred, Food Service Director  
Contact Phone Number: 765-552-9861 ext. 6200

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

The current Food Service Director has been made aware of this finding and will ensure compliance by having reports reviewed and signed off providing record of dual controls by a cafeteria manager.

Anticipated Completion Date: This procedure was completed and effective January 2019.

**FINDING 2018-009**

Contact Person Responsible for Corrective Action: Dr. Joe Brown, Interim Superintendent  
Sherri Cripe, Director of Learning  
Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

There were no controls to ensure the accuracy of the required reports before submission. Reimbursement requests selected for testing did not have any signatures of a preparer or approver.

Since most of the Title Grants are done on-line they are now being printed off and signed by preparer and approver.

Internal Controls for the Annual Report Card/High School Graduation Rate will be implemented immediately having the Director of Learning or Superintendent sign off of these reports for approval.

Anticipated Completion Date: This procedure was implemented immediately.

**FINDING 2018-010**

Contact Person Responsible for Corrective Action: Dr. Joe Brown, Interim Superintendent  
Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan:

The rate of pay for the bus driver showing on the reimbursement request was not in the employee handbook, therefore was considered unverifiable. The classified handbook will be updated this summer and approved by the board.

Anticipated Completion Date: July 31, 2019

**FINDING 2018-011**

Contact Person Responsible for Corrective Action: Dr. Joe Brown, Interim Superintendent  
Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan: Internal control was not established for preparation of the MOE report. Elwood will establish controls to ensure compliance with the grant agreement.

Anticipated Completion Date: The internal controls will be implemented by July 1, 2019.

**FINDING 2018-012**

Contact Person Responsible for Corrective Action: Sherri Cripe, Director of Learning  
Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan: Internal controls were not established for preparation of the federal grants. Elwood Schools will establish controls to ensure there is approvals on all transfers before the grants are completed. The Business Director will establish a worksheet providing information on the status of each grant. The Business Director will meet with Director of Learning monthly, reviewing each grant. This will eliminate future errors and/or transfers.

Anticipated Completion Date: The internal controls will be implemented by July 1, 2019.

**FINDING 2018-013**

Contact Person Responsible for Corrective Action: Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan: There were no internal controls for the Procurement & Suspension & Debarment of the grant purchases. Elwood Schools will put together internal controls having procedures in place to have approval from the board for contract services over \$25,000.00

Anticipated Completion Date: The internal control will be implemented by July 1, 2019.

**FINDING 2018-014**

Contact Person Responsible for Corrective Action: Sherri Cripe, Director of Learning  
Joa Griffith, former Corporation Treasurer  
Linda Jones, Director of Business

Contact Phone Number: 765-552-9861

Views of Responsible Official: Elwood Community School Corporation is in agreement with the Finding:

Description of Corrective Action Plan: An effective internal control system was not in place at the School Corporation in order ensure compliance with requirements related to the grant agreement and the reporting compliance requirements for the accuracy of the Child Count Reports and the Final Financial Report for grants.

The School Corporation will put in place internal controls for accuracy of the reports. After the reports are prepared, the Director of Learning will approve.

Anticipated Completion Date: The internal control will be implemented by July 1, 2019.

#### 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/>.