

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
06/24/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-29
Schedule of Payables and Receivables	31
Schedule of Leases and Debt	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Findings and Questioned Costs	43-59
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	62-69
Corrective Action Plan	70-77
Other Reports.....	78

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie D. Wake	07-01-16 to 06-30-19
Superintendent of Schools	Bryan Rausch	07-01-16 to 06-30-19
President of the School Board	Keith Davis Robert Cook	01-01-16 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Liberty-Perry 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 2, 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 2, 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 LIBERTY-PERRY COMMUNITY SCHOOL
CORPORATION, DELAWARE 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 Liberty-Perry 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 2, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002.

Liberty-Perry 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 2, 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.

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LIBERTY-PERRY 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

	Cash and Investments 07-01-16		Other Financing Sources (Uses)		Cash and Investments 06-30-17		Other Financing Sources (Uses)		Cash and Investments 06-30-18	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 891,321	\$ 8,016,808	\$ 7,745,737	\$ 709	\$ 1,163,101	\$ 8,371,081	\$ 7,865,829	\$ (62,088)	\$ 1,606,265	
Debt Service	249,308	678,113	674,010	-	253,411	700,396	693,095	-	260,712	
Retirement/Severance Bond Debt Service	199,092	295,969	312,085	-	182,976	311,991	311,369	-	183,598	
Capital Projects	(41,644)	690,365	609,609	-	39,112	687,448	719,246	-	7,314	
School Transportation	585,987	624,775	354,732	-	856,030	643,482	338,695	(260,000)	900,817	
School Bus Replacement	24,307	35,663	-	-	59,970	33,385	83,078	-	10,277	
Rainy Day	367,605	-	-	-	367,605	-	127,500	295,205	535,310	
Retirement/Severance Bond	46,695	-	11,490	-	35,205	-	-	(35,205)	-	
School Lunch	57,798	606,190	637,276	-	26,712	568,387	578,829	-	16,270	
Textbook Rental	135,358	157,143	78,651	-	213,850	80,735	164,921	-	129,664	
SAFE School Haven	164	-	-	(164)	-	-	-	-	-	
Lilly Endowment	-	30,000	26,917	-	3,083	140	2,870	-	353	
Instructional Support	12	-	-	(12)	-	-	-	-	-	
Formative Assessment	15,315	15,248	26,339	-	4,224	14,567	11,228	-	7,563	
Gifted and Talented	1	29,210	-	-	29,211	29,321	58,531	-	1	
Mentor Professional Stand Board	-	-	-	29,210	29,210	-	-	(29,210)	-	
Medicaid Reimbursement	18,276	3,890	19,929	-	2,237	3,965	-	-	6,202	
School Technology	2,862	34,310	29,864	-	7,308	7,770	1,900	-	13,178	
Technology Grants [IC 20-40-15]	36	-	36	-	-	-	-	-	-	
Career and Technical Performance Grant	-	15,029	5,813	-	9,216	-	-	-	9,216	
Performance Based Awards	2,016	-	2,016	-	-	-	-	-	-	
Excellence Performance Grant	-	-	-	-	-	38,768	36,602	-	2,166	
Construction, Remodeling, and Equipping Buildings	680,139	-	644,211	-	35,928	-	28,113	-	7,815	
Miscellaneous Programs	1	-	-	(1)	-	-	-	-	-	
Library Media Spec Cadre	28	-	-	(28)	-	-	-	-	-	
Senator David Ford Technology	170	-	-	-	170	-	-	-	170	
Selma Safety Grant	(14,913)	8,339	-	6,574	-	-	-	-	-	
Title I 2017-2018	-	-	-	-	-	123,973	215,668	91,695	-	
Title I 2016-2017	-	125,943	125,943	-	-	15,971	15,908	-	63	
Title VI	174	-	-	(174)	-	-	-	-	-	
Title V Part A	190	-	-	(190)	-	-	-	-	-	
Title V Supplemental	174	-	174	-	-	-	-	-	-	
IDEA	(56,180)	221,595	165,415	-	-	322,029	322,029	-	-	
Special Education Federal	(21,919)	57,534	35,615	-	-	19,742	19,742	-	-	
(IDEA, Part B) LEA Capacity Building (Silver) Grants	(16)	-	-	-	(16)	-	-	-	(16)	
Nutritional Grant - State	17	-	-	(17)	-	-	-	-	-	
Title II - Eisenhower - Science and Math Technology Grants	27	-	-	(27)	-	-	-	-	-	
Tobacco Free Coalition	1,209	-	1,070	-	139	-	-	-	139	
Medicaid Reimbursement - Federal	47	-	47	-	-	-	-	-	-	
Improving Teacher Quality, No Child Left, Title II, Part A	(1,004)	31,117	28,312	-	1,801	29,607	3,992	(29,607)	(2,191)	
ITQ, Enhanced Education Through Technology, Title II, Part D	35	-	-	(35)	-	-	-	-	-	
Technology Literacy Challenge, Title III	62	-	-	(62)	-	-	-	-	-	
Prepaid Food	(11,521)	164,572	168,365	-	(15,314)	156,330	137,135	-	3,881	
Agency	141,918	2,041,678	2,079,363	-	104,233	2,147,952	2,115,257	36,470	173,398	
Totals	\$ 3,273,147	\$ 13,883,491	\$ 13,783,019	\$ 35,783	\$ 3,409,402	\$ 14,307,040	\$ 13,851,537	\$ 7,260	\$ 3,872,165	

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

LIBERTY-PERRY 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.

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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

F. Other Financing Sources and Uses

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

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable state and federal grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The Prepaid Food fund also had a negative cash balance at June 30, 2017, due to improperly recording receipt and disbursement activity.

Note 8. Restatements

For the year ended June 30, 2017, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Fund Name	Balance as of June 30, 2016	Prior Period Adjustment	Balance as of July 1, 2016
Agency Fund	\$ 80,695	\$ 61,223	\$ 141,918

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with the Liberty-Perry Wapahani High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$674,101 and \$656,625, respectively.

Note 10. Other Postemployment Benefits

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

Note 11. Combined Funds

Funds related to the IDEA fund and the (IDEA, Part B) LEA Capacity Building (Silver) Grants fund were combined into a single fund on the prior financial statement, but were reported individually in the current financial statement.

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 891,321	\$ 249,308	\$ 199,092	\$ (41,644)	\$ 585,987	\$ 24,307	\$ 367,605	\$ 46,695	\$ 57,798
Receipts:									
Local sources	89,314	678,113	295,969	687,294	624,725	35,663	-	-	242,050
State sources	7,910,107	-	-	-	-	-	-	-	6,417
Federal sources	-	-	-	-	-	-	-	-	354,498
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	17,387	-	-	3,071	50	-	-	-	3,225
Total receipts	8,016,808	678,113	295,969	690,365	624,775	35,663	-	-	606,190
Disbursements:									
Instruction	4,919,277	-	-	-	-	-	-	-	-
Support services	2,585,114	-	-	350,346	354,732	-	-	11,490	166
Noninstructional services	114,303	-	-	-	-	-	-	-	637,110
Facilities acquisition and construction	13,409	-	-	259,263	-	-	-	-	-
Debt service	-	674,010	312,085	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	113,634	-	-	-	-	-	-	-	-
Total disbursements	7,745,737	674,010	312,085	609,609	354,732	-	-	11,490	637,276
Excess (deficiency) of receipts over disbursements	271,071	4,103	(16,116)	80,756	270,043	35,663	-	(11,490)	(31,086)
Other financing sources (uses):									
Transfers in	709	-	-	6,432	6,432	-	-	-	-
Transfers out	-	-	-	(6,432)	(6,432)	-	-	-	-
Total other financing sources (uses)	709	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	271,780	4,103	(16,116)	80,756	270,043	35,663	-	(11,490)	(31,086)
Cash and investments - ending	\$ 1,163,101	\$ 253,411	\$ 182,976	\$ 39,112	\$ 856,030	\$ 59,970	\$ 367,605	\$ 35,205	\$ 26,712

LIBERTY-PERRY 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

	Textbook Rental	SAFE School Haven	Lilly Endowment	Instructional Support	Formative Assessment	Gifted and Talented	Mentor Professional Stand Board	Medicaid Reimbursement	School Technology
Cash and investments - beginning	\$ 135,358	\$ 164	\$ -	\$ 12	\$ 15,315	\$ 1	\$ -	\$ 18,276	\$ 2,862
Receipts:									
Local sources	134,485	-	30,000	-	-	-	-	-	-
State sources	22,119	-	-	-	15,248	29,210	-	3,890	34,310
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	539	-	-	-	-	-	-	-	-
Total receipts	157,143	-	30,000	-	15,248	29,210	-	3,890	34,310
Disbursements:									
Instruction	-	-	-	-	26,339	-	-	-	-
Support services	78,651	-	26,917	-	-	-	-	19,929	29,864
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	78,651	-	26,917	-	26,339	-	-	19,929	29,864
Excess (deficiency) of receipts over disbursements	78,492	-	3,083	-	(11,091)	29,210	-	(16,039)	4,446
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(164)	-	(12)	-	-	29,210	-	-
Total other financing sources (uses)	-	(164)	-	(12)	-	-	29,210	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	78,492	(164)	3,083	(12)	(11,091)	29,210	29,210	(16,039)	4,446
Cash and investments - ending	\$ 213,850	\$ -	\$ 3,083	\$ -	\$ 4,224	\$ 29,211	\$ 29,210	\$ 2,237	\$ 7,308

LIBERTY-PERRY 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

	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Performance Based Awards	Excellence Performance Grant	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Library Media Spec Cadre	Senator David Ford Technology	Selma Safety Grant
Cash and investments - beginning	\$ 36	\$ -	\$ 2,016	\$ -	\$ 680,139	\$ 1	\$ 28	\$ 170	\$ (14,913)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	15,029	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	8,339
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	15,029	-	-	-	-	-	-	8,339
Disbursements:									
Instruction	-	5,813	2,016	-	639,580	-	-	-	-
Support services	36	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	4,631	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	36	5,813	2,016	-	644,211	-	-	-	-
Excess (deficiency) of receipts over disbursements	(36)	9,216	(2,016)	-	(644,211)	-	-	-	8,339
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1)	(28)	-	6,574
Total other financing sources (uses)	-	-	-	-	-	(1)	(28)	-	6,574
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36)	9,216	(2,016)	-	(644,211)	(1)	(28)	-	14,913
Cash and investments - ending	\$ -	\$ 9,216	\$ -	\$ -	\$ 35,928	\$ -	\$ -	\$ 170	\$ -

LIBERTY-PERRY 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

	Title I 2017-2018	Title I 2016-2017	Title VI	Title V Part A	Title V Supplemental	IDEA	Special Education Federal	(IDEA, Part B) LEA Capacity Building (Silver) Grants	Nutritional Grant - State
Cash and investments - beginning	\$ -	\$ -	\$ 174	\$ 190	\$ 174	\$ (56,180)	\$ (21,919)	\$ (16)	\$ 17
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	125,943	-	-	-	151,860	57,534	-	-
Interfund loans	-	-	-	-	-	69,735	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	125,943	-	-	-	221,595	57,534	-	-
Disbursements:									
Instruction	-	125,943	-	-	-	165,415	35,615	-	-
Support services	-	-	-	-	174	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	125,943	-	-	174	165,415	35,615	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(174)	56,180	21,919	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(174)	(190)	-	-	-	-	(17)
Total other financing sources (uses)	-	-	(174)	(190)	-	-	-	-	(17)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(174)	(190)	(174)	56,180	21,919	-	(17)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16)	\$ -

LIBERTY-PERRY 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

	Title II - Eisenhower - Science and Math Technology Grants	Tobacco Free Coalition	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Technology Literacy Challenge, Title III	Prepaid Food	Agency	Totals
Cash and investments - beginning	\$ 27	\$ 1,209	\$ 47	\$ (1,004)	\$ 35	\$ 62	\$ (11,521)	\$ 141,918	\$ 3,273,147
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,817,613
State sources	-	-	-	-	-	-	-	-	8,036,330
Federal sources	-	-	-	31,117	-	-	-	-	729,291
Interfund loans	-	-	-	-	-	-	-	-	69,735
Other receipts	-	-	-	-	-	-	164,572	2,041,678	2,230,522
Total receipts	-	-	-	31,117	-	-	164,572	2,041,678	13,883,491
Disbursements:									
Instruction	-	1,070	-	31,117	-	-	-	-	5,952,185
Support services	-	-	47	(2,805)	-	-	-	-	3,454,661
Noninstructional services	-	-	-	-	-	-	-	-	751,413
Facilities acquisition and construction	-	-	-	-	-	-	-	-	277,303
Debt service	-	-	-	-	-	-	-	-	986,095
Nonprogrammed charges	-	-	-	-	-	-	168,365	2,079,363	2,247,728
Interfund loans	-	-	-	-	-	-	-	-	113,634
Total disbursements	-	1,070	47	28,312	-	-	168,365	2,079,363	13,783,019
Excess (deficiency) of receipts over disbursements	-	(1,070)	(47)	2,805	-	-	(3,793)	(37,685)	100,472
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	13,573
Transfers out	(27)	-	-	-	(35)	(62)	-	-	22,210
Total other financing sources (uses)	(27)	-	-	-	(35)	(62)	-	-	35,783
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27)	(1,070)	(47)	2,805	(35)	(62)	(3,793)	(37,685)	136,255
Cash and investments - ending	\$ -	\$ 139	\$ -	\$ 1,801	\$ -	\$ -	\$ (15,314)	\$ 104,233	\$ 3,409,402

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 1,163,101	\$ 253,411	\$ 182,976	\$ 39,112	\$ 856,030	\$ 59,970	\$ 367,605	\$ 35,205	\$ 26,712
Receipts:									
Local sources	12,469	700,396	311,991	685,448	643,456	33,385	-	-	207,422
State sources	8,198,329	-	-	-	-	-	-	-	5,980
Federal sources	-	-	-	-	-	-	-	-	352,167
Interfund loans	69,554	-	-	-	-	-	-	-	-
Other receipts	90,729	-	-	2,000	26	-	-	-	2,818
Total receipts	8,371,081	700,396	311,991	687,448	643,482	33,385	-	-	568,387
Disbursements:									
Instruction	4,995,003	-	-	-	-	-	-	-	-
Support services	2,604,514	-	-	326,172	338,695	83,078	-	-	498
Noninstructional services	112,756	-	-	-	-	-	-	-	578,181
Facilities acquisition and construction	105,888	-	-	393,074	-	-	127,500	-	150
Debt service	-	656,625	311,369	-	-	-	-	-	-
Nonprogrammed charges	-	36,470	-	-	-	-	-	-	-
Interfund loans	47,668	-	-	-	-	-	-	-	-
Total disbursements	7,865,829	693,095	311,369	719,246	338,695	83,078	127,500	-	578,829
Excess (deficiency) of receipts over disbursements	505,252	7,301	622	(31,798)	304,787	(49,693)	(127,500)	-	(10,442)
Other financing sources (uses):									
Transfers in	29,607	-	-	-	-	-	295,205	-	-
Transfers out	(91,695)	-	-	-	(260,000)	-	-	(35,205)	-
Total other financing sources (uses)	(62,088)	-	-	-	(260,000)	-	295,205	(35,205)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	443,164	7,301	622	(31,798)	44,787	(49,693)	167,705	(35,205)	(10,442)
Cash and investments - ending	\$ 1,606,265	\$ 260,712	\$ 183,598	\$ 7,314	\$ 900,817	\$ 10,277	\$ 535,310	\$ -	\$ 16,270

LIBERTY-PERRY 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

	Textbook Rental	SAFE School Haven	Lilly Endowment	Instructional Support	Formative Assessment	Gifted and Talented	Mentor Professional Stand Board	Medicaid Reimbursement	School Technology
Cash and investments - beginning	\$ 213,850	\$ -	\$ 3,083	\$ -	\$ 4,224	\$ 29,211	\$ 29,210	\$ 2,237	\$ 7,308
Receipts:									
Local sources	78,564	-	-	-	-	-	-	-	-
State sources	-	-	-	-	14,567	29,321	-	3,965	7,770
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	2,171	-	140	-	-	-	-	-	-
Total receipts	80,735	-	140	-	14,567	29,321	-	3,965	7,770
Disbursements:									
Instruction	-	-	-	-	11,228	58,531	-	-	-
Support services	164,921	-	2,870	-	-	-	-	-	1,900
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	164,921	-	2,870	-	11,228	58,531	-	-	1,900
Excess (deficiency) of receipts over disbursements	(84,186)	-	(2,730)	-	3,339	(29,210)	-	3,965	5,870
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(29,210)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(29,210)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(84,186)	-	(2,730)	-	3,339	(29,210)	(29,210)	3,965	5,870
Cash and investments - ending	\$ 129,664	\$ -	\$ 353	\$ -	\$ 7,563	\$ 1	\$ -	\$ 6,202	\$ 13,178

LIBERTY-PERRY 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

	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Performance Based Awards	Excellence Performance Grant	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Library Media Spec Cadre	Senator David Ford Technology	Selma Safety Grant
Cash and investments - beginning	\$ -	\$ 9,216	\$ -	\$ -	\$ 35,928	\$ -	\$ -	\$ 170	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	38,768	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	38,768	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	30,250	28,113	-	-	-	-
Support services	-	-	-	6,352	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	36,602	28,113	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	2,166	(28,113)	-	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	2,166	(28,113)	-	-	-	-
Cash and investments - ending	\$ -	\$ 9,216	\$ -	\$ 2,166	\$ 7,815	\$ -	\$ -	\$ 170	\$ -

LIBERTY-PERRY 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 I 2017-2018	Title I 2016-2017	Title VI	Title V Part A	Title V Supplemental	IDEA	Special Education Federal	(IDEA, Part B) LEA Capacity Building (Silver) Grants	Nutritional Grant - State
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(16)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	123,973	15,971	-	-	-	274,361	19,742	-	-
Interfund loans	-	-	-	-	-	47,668	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	123,973	15,971	-	-	-	322,029	19,742	-	-
Disbursements:									
Instruction	215,668	15,908	-	-	-	252,475	19,742	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	69,554	-	-	-
Total disbursements	215,668	15,908	-	-	-	322,029	19,742	-	-
Excess (deficiency) of receipts over disbursements	(91,695)	63	-	-	-	-	-	-	-
Other financing sources (uses):									
Transfers in	91,695	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	91,695	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	63	-	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 63	\$ -	\$ -	\$ -	\$ -	\$ -	(16)	\$ -

LIBERTY-PERRY 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 - Eisenhower - Science and Math Technology Grants	Tobacco Free Coalition	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	ITQ, Enhanced Education Through Technology, Title II, Part D	Technology Literacy Challenge, Title III	Prepaid Food	Agency	Totals
Cash and investments - beginning	\$ -	\$ 139	\$ -	\$ 1,801	\$ -	\$ -	\$ (15,314)	\$ 104,233	\$ 3,409,402
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,673,131
State sources	-	-	-	-	-	-	-	-	8,298,700
Federal sources	-	-	-	29,607	-	-	-	-	815,821
Interfund loans	-	-	-	-	-	-	-	-	117,222
Other receipts	-	-	-	-	-	-	156,330	2,147,952	2,402,166
Total receipts	-	-	-	29,607	-	-	156,330	2,147,952	14,307,040
Disbursements:									
Instruction	-	-	-	3,992	-	-	-	-	5,630,910
Support services	-	-	-	-	-	-	-	-	3,529,000
Noninstructional services	-	-	-	-	-	-	-	-	690,937
Facilities acquisition and construction	-	-	-	-	-	-	-	-	626,612
Debt service	-	-	-	-	-	-	-	-	967,994
Nonprogrammed charges	-	-	-	-	-	-	137,135	2,115,257	2,288,862
Interfund loans	-	-	-	-	-	-	-	-	117,222
Total disbursements	-	-	-	3,992	-	-	137,135	2,115,257	13,851,537
Excess (deficiency) of receipts over disbursements	-	-	-	25,615	-	-	19,195	32,695	455,503
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	36,470	452,977
Transfers out	-	-	-	(29,607)	-	-	-	-	(445,717)
Total other financing sources (uses)	-	-	-	(29,607)	-	-	-	36,470	7,260
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(3,992)	-	-	19,195	69,165	462,763
Cash and investments - ending	\$ -	\$ 139	\$ -	\$ (2,191)	\$ -	\$ -	\$ 3,881	\$ 173,398	\$ 3,872,165

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LIBERTY-PERRY 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>\$ 290,110</u>	<u>\$ -</u>

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Liberty-Perry Wapahani High School Building Corporation	High School Renovations	\$ 197,846	12/31/10	12/31/21
Liberty-Perry Wapahani High School Building Corporation	High School Roof	225,000	08/31/16	01/15/22
Apple Financial Services	Student Ipad Lease	38,940	07/01/17	12/31/20
Ricoh	Copiers	<u>12,209</u>	08/07/18	08/07/22
Total of annual lease payments		<u>\$ 473,995</u>		

Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	pension	\$ 1,815,000	\$ 314,754
Total governmental activities		<u>1,815,000</u>	<u>314,754</u>
Totals		<u>\$ 1,815,000</u>	<u>\$ 314,754</u>

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 352,379
Infrastructure	7,653
Buildings	12,178,643
Improvements other than buildings	1,004,488
Machinery, equipment, and vehicles	<u>2,515,330</u>
Total governmental activities	<u>16,058,493</u>
Total capital assets	<u>\$ 16,058,493</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY SCHOOL
CORPORATION, DELAWARE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2018-004, 2018-005, 2018-006, 2018-007, and 2018-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications 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 described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

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


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs, as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, and 2018-008, 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 2, 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.

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LIBERTY-PERRY 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 2017	\$ -	\$ 72,733	\$ -	\$ -
			FY 2018	-	-	-	69,897
Total - School Breakfast Program				-	72,733	-	69,897
National School Lunch Program	Indiana Department of Education	10.555	FY 2017	-	270,549	-	-
School Lunch Program			FY 2018	-	-	-	282,270
Commodities			FY 2017	-	79,092	-	-
			FY 2018	-	-	-	80,811
Total - National School Lunch Program				-	349,641	-	363,081
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2017	-	11,215	-	-
Summer Food Service Program for Children			FY 2018	-	-	-	9,677
Total - Summer Food Service Program for Children				-	11,215	-	9,677
Total - Child Nutrition Cluster				-	433,589	-	442,655
Total - Department of Agriculture				-	433,589	-	442,655
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2016 Federal Part B 611 Grant			14215-66-PN01	-	55,078	-	-
FY 2017 Federal Part B 611 Grant			14216-64-PN01	-	154,316	-	129,077
FY 2018 Federal Part B 611 Grant			18611-0064-PN01	-	-	-	165,026
Total - Special Education Grants to States				-	209,394	-	294,103
Special Education Preschool Grants	Indiana Department of Education	84.173					
Preschool 15-16			45716-064-PN01	-	4,549	-	-
Preschool 16-17			45717-064-PN01	-	4,603	-	4,748
Preschool 17-18			18619-064-PN01	-	-	-	4,616
Total - Special Education Preschool Grants				-	9,152	-	9,364
Total - Special Education Cluster (IDEA)				-	218,546	-	303,467
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 16-17			17-1895	-	133,989	-	-
Title I 17-18			18-1895	-	-	-	139,955
Total - Title I Grants to Local Educational Agencies				-	133,989	-	139,955
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A 16-18			7000S367A150013	-	31,117	-	-
Title II Part A 17-18			7000S367A160013	-	-	-	29,607
Total - Supporting Effective Instruction State Grants				-	31,117	-	29,607
Total - Department of Education				-	383,652	-	473,029
Total federal awards expended				\$ -	\$ 817,241	\$ -	\$ 915,684

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Greater Randolph Interlocal Cooperative (Cooperative) which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

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

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

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

Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

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

Condition

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

LIBERTY-PERRY 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 in 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 SEFA contained the following errors:

1. The School Breakfast Program expenditures for fiscal year 2016-2017 were overstated by \$1,059.
2. The National School Lunch Program Commodities for 2017-2018 totaling \$159,903 were omitted.
3. The Summer Food Service Program for Children expenditures for 2017-2018 totaling \$20,892 were omitted.
4. The Special Education Grants to States expenditures for 2016-2017 were understated by \$57,354 and overstated by \$27,926 in 2018.
5. The Special Education Preschool Grants expenditures for 2017-2018 totaling \$18,516 were omitted.

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

Criteria

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

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

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

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

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

Cause

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

Effect

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

Recommendation

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

LIBERTY-PERRY 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 2018-002

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

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding receipts and payroll disbursements. The prior audit finding number was 2016-002.

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts, disbursements, and financial reporting.

Receipts

The School Corporation had not designed or implemented proper segregation of duties related to receipts handled at the School Corporation level. The Treasurer issued receipts, recorded receipts, and deposited collections without evidence of an oversight, review, or approval process.

Payroll Disbursements

The School Corporation had not designed or implemented proper segregation of duties related to payroll disbursements. The Payroll Clerk input the payroll information into the ledger without a system of oversight, review, or approval. During the audit period, payroll claims were not provided to the School Board for their review and approval.

Vendor Disbursements

Controls over vendor disbursements were not always properly implemented throughout the audit period. The accounts payable voucher register did not include all disbursements to be reviewed and approved by the School Board. Additionally, not all accounts payable registers were signed and approved by the School Board. Most of the checks excluded from the register were manual checks; therefore, a proper system of oversight, review, and approval over disbursements was not in place.

Financial Close and Reporting

An effective system of internal controls was not in place to ensure the accuracy of financial information used to compile the financial statement. The Form 9 reports provided by the School Corporation to the Indiana Department of Education (IDOE), accounting for all financial activity for each six month period, were not properly reviewed to ensure the accuracy of the cash balances for all funds. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

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

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

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

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

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not established a proper system of internal control related to financial transactions and reporting.

Effect

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

Recommendation

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provision - School Food
Accounts, Special Tests and Provision - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

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

Condition

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

Cash Management

The School Corporation had not designed or implemented adequate policies or procedures to ensure that net cash resources of the School Lunch fund did not exceed a three months average of expenditures. The School Corporation did not perform calculations to verify that the net cash resources did not exceed three months average expenditures.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions - School Food Accounts

The School Corporation had not established a system of internal controls over the review of the receipts and disbursements of the School Lunch fund to ensure only allowable receipts and disbursements are properly recorded in the fund.

Special Tests and Provisions - Paid Lunch Equity

The School Corporation had not designed or implemented adequate policies and procedures to ensure that there was a proper segregation of duties over the paid lunch equity calculations. The paid lunch equity calculations were prepared by the Food Service Director without a system of oversight, review, or approval before the recommendation of paid lunch prices to the School Board.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

LIBERTY-PERRY 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 2018-004

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Program Income compliance requirements.

Context

From July 1, 2016 to June 30, 2018, the School Corporation purchased and sold approximately \$20,480 of food service products to employees or non-profit groups from their School Lunch fund at cost. This includes employees that purchased bacon, potatoes, and supplies for graduation open houses or other personal purposes from the School Corporation at cost. Non-profit groups such as the Latchkey Program and the Backpack Program also purchased food items for their programs from the School Corporation at cost. Receipts or invoices were not written to these individuals or groups at the time of sale. Cash and checks were collected by the Food Service Director for the sales, combined into one receipt labeled "refunds" or "other," and deposited into the School Lunch fund. Some of the larger transactions could be traced to an email requesting the item, while other times the source document was a scrap of paper. The food items sold were purchased out of the School Lunch fund at cost; therefore, no program income was being generated by this practice for the benefit of the School Corporation's School Lunch program.

Additionally, student refunds were being paid from the School Lunch fund. Refunds to students should be paid from the Prepaid Food fund.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

LIBERTY-PERRY 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). . . ."

7 CFR 210.2 states in part: ". . . *Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services. . . ."

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."

2 CFR 200.80 states:

"*Program income* means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in § 200.307 paragraph (f). (See § 200.77 Period of performance.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also § 200.407 Prior written approval (prior approval). See also 35 U.S.C. 200–212 'Disposition of Rights in Educational Awards' applies to inventions made under Federal awards."

2 CFR 200.307(e) states in part:

"*Use of program income*. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures."

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) *Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Program Income compliance requirements.

Effect

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

Questioned Costs

Known questioned costs of \$20,480 were identified, as detailed in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with 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 2018-005

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation did not have effective system of internal controls in place to ensure that the purchasing methods used complied with federal requirements or ensure that vendors were checked for suspension and debarment.

In 2006, the School Corporation entered into an interlocal agreement with a cooperative service center to solicit, evaluate, and award bids for food and supply products during the fiscal years 2017 and 2018 with 49 member school corporations. The School Corporation did not have a current signed contract, or current renewal of the contract from 2006, for 2017. There was a new agreement in 2018, but the agreement was only signed by the Food Service Director and was not approved by the School Board. The School Corporation purchased food products from one vendor for \$214,435.89 in 2017 and \$177,208.57 in 2018 that the service center awarded the bid for food and supply products to.

The School Corporation also failed to verify that the cooperative service center was not suspended or debarred from participation in federal programs. The School Corporation did not search the System for Award Management, obtain a certification from the entity, or ensure that a clause or condition was added to agreement with vendors.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was an isolated issue related to cooperative service center transactions.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

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

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . ."

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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
- (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 ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2018-006

Subject: 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 2017, FY 2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded.

The School Corporation had not accurately determined or recorded program income in accordance with the program requirements. The School Corporation made periodic transfers of revenue from the Prepaid Lunch fund to the School Lunch fund that were based on cash collected rather than daily sales.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 220.7(e) states in part:

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

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

7 CFR 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."

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Program Income compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement 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 2018-007

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 2017, FY 2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition

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

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not designed or implemented adequate policies and procedures to ensure that there was proper segregation of duties in regard to the Reporting compliance requirement. The Annual Financial Reports (AFR) were prepared and submitted by a food service employee without a system of oversight, review, or approval. The amounts reported in the AFRs were not supported by the School Corporation's records. Additionally, the Verification Summary Reports were prepared and submitted by the Food Service Director without a system of oversight, review, or approval.

Context

The lack of internal 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 200.302(b) states in part:

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

. . .

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

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

Indiana Department of Education's General Instructions: Annual Financial Report states:

"All data reported is on a School Food Authority basis. It should include all financial transactions from July 1 through June 30, thereby accurately reflecting the financial position of the School Food Service Fund as of June 30. Accurate supporting documentation must be maintained by appropriate accounting officials whether consolidated Corporation-level accounting is used, or one or more Extra-Curricular accounts at separate schools are used.

The income total and expense total boxes should agree exactly with total revenues and total expenditures recorded in the SFA's accounting records. All expenses need to be allocated appropriately to all existing programs."

LIBERTY-PERRY 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 grant agreement and the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance 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 a system of internal controls related to 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 Number and Year (or Other Identifying Number): FY 2017
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

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 Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure a proper system of review was in place for the verification of free and reduced price applications. When testing the applications selected by the School Corporation for verification, 1 of the 7, or 14 percent of the applications, were not calculated properly. Therefore, eligibility status was incorrectly determined by the School Corporation. The student was changed from "free" to "reduced," but should have been changed to "paid."

Context

The lack of controls and noncompliance were isolated to fiscal year 2016-2017.

LIBERTY-PERRY 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). . . ."

7 CFR 245.6a(f)(7) states:

"Eligibility changes. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Priced Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Priced Applications (NSLP) compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions – Verification of Free and Reduced Priced 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.

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AUDITEE-PREPARED DOCUMENTS

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



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

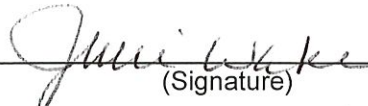
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

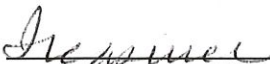
Fiscal year in which the finding initially occurred: FY 2013
Contact Person Responsible for Corrective Action: Julie Wake
Contact Phone Number: 765-282-5615

Status of Audit Finding:

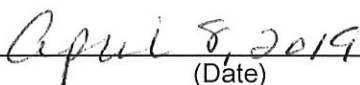
Since the last audit I have not done a SEFA report but with the June 2019 when putting the information into Gateway for SEFA I will do my best to make sure I included all the information (grantor agency, program title, pass through entity, CFDA numbers pass through identifying numbers) needed on the report. I also we keep copies of any adjustments made to the grants. I also will have either Mr. Rausch or Mrs. Skinner look over the report for corrections. I can also check with GRIC to make sure I have the correct amount of reimbursements. I will also get with Mrs. Layne for the school lunch and breakfast figures.



(Signature)



(Title)



(Date)




LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

FINDING 2016-002

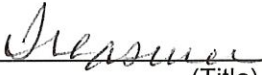
Fiscal year in which the finding initially occurred: FY 2013
Contact Person Responsible for Corrective Action: Cindy Skinner
Contact Phone Number: 765-282-5615

Status of Audit Finding:

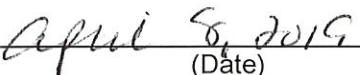
Since the last audit we have had the payroll vouchers approved at the board meetings every month. We will start having Mr. Rausch, Mrs. Layne and Mrs. Everhart sign off on the distribution reports for cafeteria, Spec Ed and Title I. The principals and the Cafeteria Director have been signing off on the time cards for their employees. Mr. Mahaffery gave us the names of the employees to be paid out of the Title I grant and he signed off on their timecards. We have not had Mrs. Everhart sign monthly for Special Ed but she is signing off on the Activity Report every 6 months. I will ask her to start signing off on the payroll also. As far as the receiving of cash, issuing receipts and posting of deposits in our office Mrs. Daughtery does most all of the deposits. If I have a deposit for the day I do receipts than give the deposit to her to take to the bank. She does all of the cafeteria deposits but I do the receipts.



(Signature)



(Title)



(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

FINDING 2016-003

Fiscal year in which the finding initially occurred: FY 2015

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

Contact Person Responsible for Corrective Action: Julie Wake

Contact Phone Number: 765-282-5615

Status of Audit Finding:

Since the last audit finding on September 2018 I have not done any MOE's. I will be doing another one in July of 2019 and at that time I will try to use the percentages of the salaries that is required. I will make sure that my reported MOE is correct with my ledger.

Julie Wake
(Signature)

Treasurer
(Title)

April 8, 2019
(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

FINDING 2016-004

Fiscal year in which the finding initially occurred: FY 2015

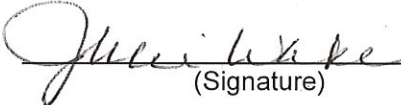
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

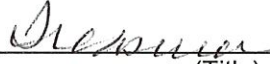
Contact Person Responsible for Corrective Action: Julie Wake/Amy Everhart

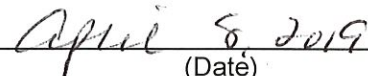
Contact Phone Number: 765-282-5615

Status of Audit Finding:

Because of the time of the last audit we have only signed off on 1 Semi-Annual Certification. Mrs. Everhart will continue to review the personnel expenses every 6 months.


(Signature)


(Title)


(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

FINDING 2016-005

Fiscal year in which the finding initially occurred: FY 2015

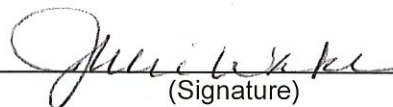
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education


Contact Person Responsible for Corrective Action: Julie Wake/Mr. Rausch

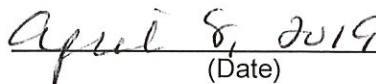
Contact Phone Number: 765-282-5615

Status of Audit Finding:

Beginning with the November 2018 reimbursement Mr. Rausch has been signing off on the reimbursements that I ask for. I have a distribution report attached for him to look at. I have tried to make sure that the correct employees were paid out of the Special Ed Grant. I will make sure that I am reporting the amounts in the correct years by setting up funds for by each program year.


(Signature)


(Title)


(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

FINDING 2016-006

Fiscal year in which the finding initially occurred: FY 2013

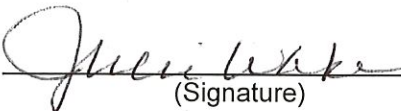
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

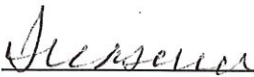
Contact Person Responsible for Corrective Action: Julie Wake/Brenda Layne

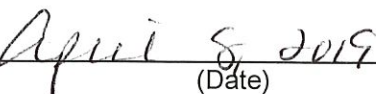
Contact Phone Number: 765-282-5615

Status of Audit Finding:

Since the September audit Mrs. Layne has been reviewing and signing off on timecards for the cafeteria workers. She also works with Mr. Rausch monthly on the financials of the cafeteria fund. They do make sure to not have more than 3 months average expenditures in the account at the end of the year but we will also start checking the averages monthly. After I have deposited the reimbursements Mrs. Layne asked for I sign off on the amount. Mrs. Layne uses the IDOE weighted average usage for determining the amount for lunch prices. Mr. Rausch will look at the calculation before she presents it to the board. She presents this information to the board and Mr. Rausch so that they can decide on lunch prices. Mrs. Hoots is assisting with the free and reduced applications. She checks for income for the household as well as checking to make sure the correct information used.


(Signature)


(Title)


(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

FINDING 2016-007

Fiscal year in which the finding initially occurred: FY 2013

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

Contact Person Responsible for Corrective Action: Julie Wake


Contact Phone Number: 765-282-5615

Status of Audit Finding:


As of September 2018 I have also not paid any claims without the correct paper work to be reimbursed from. Mrs. Layne is overseeing the payroll of the cafeteria each payroll and signing off on the timecards. As of July 2016 Mrs. Layne has been reviewing distributions and documenting them that she has in deed reviewed them.



(Signature)



(Title)



(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

FINDING 2016-008

Fiscal year in which the finding initially occurred: FY 2013

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


Contact Person Responsible for Corrective Action: Brenda Layne

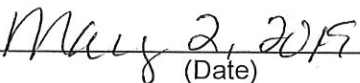
Contact Phone Number: 765-289-0323

Status of Audit Finding:

Since July 2016 audit Mrs. Layne is now stamping on the back of each application when the family was notified of the approval or denial of their application. Mrs. Hoots from the high school is also assisting with the applications. Mrs. Layne will verify 10% of the applications and also which applications were tested.


(Signature)


(Title)


(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Julie Wake
Contact Phone Number: 765-282-5615


Description of Corrective Action Plan:

We concur with the finding and we will include the School Lunch commodities in the SEFA report and also make sure the Summer Food Service expenditures are correct. When doing the SEFA report I will use the GRIC schedule for the Special Ed and PreSchool Special Ed.

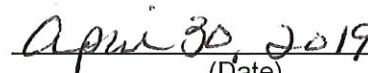
Anticipated Completion Date: July of 2019



(Signature)



(Title)



(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Julie Wake
Contact Phone Number: 765-282-5615

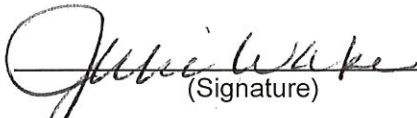
Description of Corrective Action Plan:

The individual who goes to the bank will sign the receipt from the bank and the individual that fills out the deposit slips will sign it also. We will do a review of the receipts from the bank statements to the revenue accounts.

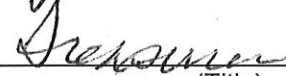
We will provide the board with claim dockets of the payroll monthly. The Treasurer will also will review the payroll distributions.

As Treasurer I will take more care in insuring that all payments made are on the Board docket for approval. I will also check my Form 9 balance to my fund report balance to insure they are the same.

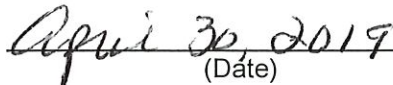
Anticipated Completion Date: July of 2019



(Signature)



(Title)



(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Mrs. Layne
Contact Phone Number: 765-282-5615


Description of Corrective Action Plan:


We will calculate our 3 month average expenditures and review them when Mr. Rausch and Mrs. Layne go over the cash management for the month we will both sign it and keep on file.

Mr. Rausch and Mrs. Layne will review the school food account to insure only allowable expenditures are posted to this account.

After the calculation of the paid lunch equity tool is reviewed by Mr. Rausch it will be approved by the school board.

Anticipated Completion Date: May 30, 2019


(Signature)


(Title)


(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN


FINDING 2018-004

Contact Person Responsible for Corrective Action: Mrs. Layne
Contact Phone Number: 765-282-5615

Description of Corrective Action Plan:

We are in the process of contacting the IDOE on how to provide food items to our non-profit groups and to our staff

Anticipated Completion Date: May 30, 2019



(Signature)

Food Service Director

(Title)

5/1/19

(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-005

Contact Person Responsible for Corrective Action: Mrs. Layne
Contact Phone Number: 765-282-5615


Description of Corrective Action Plan:

We will talk to East Central Educational Service Center about getting an updated contract and have it signed by the board.

Going forward the board will approve vendors recommended by East Center Educational Service Center and Mrs. Layne will search the excluded parties list systems through the System of Award Manager center.

Anticipated Completion Date: September, 2019


(Signature)


(Title)


(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

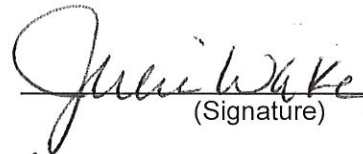
FINDING 2018-006

Contact Person Responsible for Corrective Action: Julie Wake
Contact Phone Number: 765-282-5615

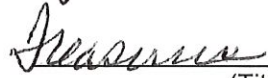
Description of Corrective Action Plan:

In September 2018 we started transferring monthly sales from the prepaid account to the lunch account. Starting in May of 2019 we will attempt to reconcile our Prepaid account monthly to the best of our ability,

Anticipated Completion Date: June 30, 2019



(Signature)



(Title)



(Date)



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

CORRECTIVE ACTION PLAN

FINDING 2018-007

Contact Person Responsible for Corrective Action: Mrs. Layne
Contact Phone Number: 765-282-5615

Description of Corrective Action Plan:

When the annual report is completed we will either have Mrs. Daughery or Mrs. Layne double-check the figures in the report.

Mrs. Hoots will check the verification before it is submitted to the state. We will both sign and keep a copy on file.

Anticipated Completion Date June 30, 2019



(Signature)

Food Service Director

(Title)

5/1/19

(Date)



CORRECTIVE ACTION PLAN


FINDING 2018-008

Contact Person Responsible for Corrective Action: Mrs. Layne
Contact Phone Number: 765-282-5615

Description of Corrective Action Plan:

When doing the verifications the second reviewer will not see the first reviewers calculation she will calculator free and reduction eligibility on her own. Then they will review them together

Anticipated Completion Date: October 2019



(Signature)

Food Service Director

(Title)

5/1/19

(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.