

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
GREENE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
06/26/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jennifer Barcus	07-01-16 to 06-30-19
Superintendent of Schools	Mike Mogan Daniel A. Noel	07-01-16 to 06-30-18 07-01-18 to 06-30-19
President of the School Board	Jeffrey B. Miller	07-01-16 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF SHAKAMAK, GREENE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of Shakamak (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 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 20, 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 20, 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 METROPOLITAN SCHOOL DISTRICT
OF SHAKAMAK, GREENE 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 Metropolitan School District of Shakamak (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 20, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 20, 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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METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments		Other Financing Sources (Uses)		Cash and Investments		Other Financing Sources (Uses)		Cash and Investments
	07-01-16	Receipts	Disbursements	06-30-17	Receipts	Disbursements	06-30-18		
General	\$ 199,850	\$ 5,434,539	\$ 5,474,699	\$ 11,375	\$ 171,065	\$ 5,383,001	\$ 5,535,816	\$ 275,800	\$ 294,050
Debt Service	203,650	512,224	438,633	(11,300)	265,941	601,370	620,822	-	246,489
Retirement/Severance Bond Debt Service	107,781	170,605	174,126	(793)	103,467	179,317	173,403	-	109,381
Capital Projects	162,015	417,258	488,576	7,796	98,493	440,319	506,393	600	33,019
School Transportation	100,421	303,040	284,963	(1,545)	116,953	324,746	301,503	3,300	143,496
School Bus Replacement	41,439	74,337	22,692	(275)	92,809	63,960	58,744	-	98,025
Rainy Day	1,129,683	-	-	(11,375)	1,118,308	-	-	-	1,118,308
Construction	20,000	-	-	-	20,000	-	4,099	-	15,901
School Lunch	77,352	410,298	341,299	-	146,351	337,282	303,826	-	179,807
Textbook Rental	47,929	86,331	22,141	-	112,119	109,140	108,877	-	112,382
Self-Insurance	391,435	403	261	-	391,577	-	-	(279,700)	111,877
Levy Excess	-	-	-	6,117	6,117	-	-	-	6,117
Early Intervention Grant	-	4,124	-	-	4,124	-	4,124	-	-
Comprehensive Counseling	-	24,500	4,086	-	20,414	-	20,414	-	-
Donations	-	-	-	-	-	1,397	1,338	-	59
Donations - Nurse Supplies	1,005	400	96	-	1,309	721	454	-	1,576
Donation - Academics	500	-	-	-	500	151	151	-	500
Donation - Coca Cola	4,748	1,500	3,881	-	2,367	1,500	1,065	-	2,802
Donation Greene Co Hospital	-	1,000	41	-	959	-	403	-	556
Donation Bloombank	-	2,000	-	-	2,000	2,000	-	-	4,000
Donation - Dollar General	-	-	-	-	-	10,000	3,477	-	6,523
Donation - Greene Education Service	-	-	-	-	-	7,495	-	-	7,495
Indiana Retired Teachers Association	2	-	-	-	2	-	-	-	2
Kindergarten Donation	895	-	237	-	658	-	132	-	526
Adult and Continuing Education	175	-	-	-	175	-	-	-	175
Miscellaneous Programs	699	-	-	-	699	-	-	-	699
Formative Assessment	-	6,059	6,059	-	-	7,262	7,262	-	-
High Ability 16-17	-	28,079	22,705	-	5,374	-	5,374	-	-
High Ability 15-16	6,165	-	6,165	-	-	-	-	-	-
High Ability 17-18	-	-	-	-	-	28,085	22,964	-	5,121
Teacher Quality Improvement Program	15,314	-	-	-	15,314	-	433	-	14,881
Economic Education Mini Grant	-	-	-	-	-	-	-	-	-
Medicaid Reimbursement	24,532	25	3,479	-	21,078	-	3,528	-	17,550
Secured Schools Safety Grant	(9,424)	19,618	14,149	-	(3,955)	8,008	8,715	-	(4,662)
School Technology	34,061	6,308	19,535	-	20,834	10,057	19,388	-	11,503
Career and Technical Performance Grant	-	1,699	-	-	1,699	3,514	-	-	5,213
21st Century Scholars	-	-	-	-	-	-	-	-	-
Scholar Success Grant 16-17	-	312	312	-	-	-	-	-	-
ISTA Settlement	57,871	-	-	-	57,871	-	-	-	57,871
Team Nutrition	542	-	-	-	542	-	-	-	542
Title I 2017-2018	-	-	-	-	-	204,632	217,444	-	(12,812)
Title I 2015-2016	(13,045)	43,498	30,453	-	-	-	-	-	-
Title I 2016-2017	-	170,719	183,674	-	(12,955)	21,191	8,236	-	-
Project Peace	500	102,300	30,000	-	72,800	-	36,000	-	36,800
Cape Grant	22,652	-	-	-	22,652	-	4,752	-	17,900
21st Century Learning Center	-	-	19,355	-	(19,355)	160,485	141,130	-	-
21st Century Learning Center	-	-	-	-	-	-	2,323	-	(2,323)
Improving Teacher Quality, No Child Left, Title II, Part A	(3,792)	45,444	45,948	-	(4,296)	22,818	18,522	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	33,092	33,749	-	(657)
Rural Schools and Low Income Program - Pass Through State	(464)	11,552	11,473	-	(385)	385	-	-	-
Rural Schools and Low Income Program - Pass Through State	-	-	4,059	-	(4,059)	19,631	15,572	-	-
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	5,831	5,831	-	-
Title II Part B Math and Science Partnership	-	113,950	113,950	-	-	-	-	-	-
Payroll Withholdings	15,279	1,639,094	1,623,927	-	30,446	1,620,157	1,637,436	-	13,167
Prepaid Lunch Trust	-	-	-	-	-	83,685	80,353	-	3,332
Totals	\$ 2,639,770	\$ 9,631,216	\$ 9,390,974	\$ -	\$ 2,880,012	\$ 9,691,232	\$ 9,914,053	\$ -	\$ 2,657,191

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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 those funds being set up for reimbursable grants. The reimbursements for expenditures made by the school corporation were not received by June 30, 2017 and 2018.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Shakamak School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during fiscal years 2016-2017 and 2017-2018 totaled \$246,000 and \$512,000, respectively.

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.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
 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
Cash and investments - beginning	\$ 199,850	\$ 203,650	\$ 107,781	\$ 162,015	\$ 100,421	\$ 41,439	\$ 1,129,683
Receipts:							
Local sources	22,633	512,224	170,605	414,818	303,040	74,337	-
Intermediate sources	149	-	-	-	-	-	-
State sources	5,380,216	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	31,541	-	-	2,440	-	-	-
Total receipts	5,434,539	512,224	170,605	417,258	303,040	74,337	-
Disbursements:							
Instruction	3,857,164	-	-	-	-	-	-
Support services	1,558,077	-	-	407,346	284,963	22,692	-
Noninstructional services	59,458	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	81,230	-	-	-
Debt service	-	438,633	174,126	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	5,474,699	438,633	174,126	488,576	284,963	22,692	-
Excess (deficiency) of receipts over disbursements	(40,160)	73,591	(3,521)	(71,318)	18,077	51,645	-
Other financing sources (uses):							
Transfers in	11,375	-	-	9,764	-	-	-
Transfers out	-	(11,300)	(793)	(1,968)	(1,545)	(275)	(11,375)
Total other financing sources (uses)	11,375	(11,300)	(793)	7,796	(1,545)	(275)	(11,375)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,785)	62,291	(4,314)	(63,522)	16,532	51,370	(11,375)
Cash and investments - ending	\$ 171,065	\$ 265,941	\$ 103,467	\$ 98,493	\$ 116,953	\$ 92,809	\$ 1,118,308

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

	Construction	School Lunch	Textbook Rental	Self-Insurance	Levy Excess	Early Intervention Grant	Comprehensive Counseling
Cash and investments - beginning	\$ 20,000	\$ 77,352	\$ 47,929	\$ 391,435	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	91,204	50,663	-	-	-	24,500
Intermediate sources	-	-	-	-	-	-	-
State sources	-	2,749	35,668	-	-	4,124	-
Federal sources	-	316,345	-	-	-	-	-
Other receipts	-	-	-	403	-	-	-
Total receipts	-	410,298	86,331	403	-	4,124	24,500
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	22,141	-	-	-	4,086
Noninstructional services	-	341,299	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	261	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	341,299	22,141	261	-	-	4,086
Excess (deficiency) of receipts over disbursements	-	68,999	64,190	142	-	4,124	20,414
Other financing sources (uses):							
Transfers in	-	-	-	-	6,117	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	6,117	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	68,999	64,190	142	6,117	4,124	20,414
Cash and investments - ending	\$ 20,000	\$ 146,351	\$ 112,119	\$ 391,577	\$ 6,117	\$ 4,124	\$ 20,414

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

	Donations	Donations - Nurse Supplies	Donation - Academics	Donation - Coca Cola	Donation Greene Co Hospital	Donation Bloombank	Donation - Dollar General
Cash and investments - beginning	\$ -	\$ 1,005	\$ 500	\$ 4,748	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	400	-	1,500	1,000	2,000	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	400	-	1,500	1,000	2,000	-
Disbursements:							
Instruction	-	-	-	3,369	41	-	-
Support services	-	96	-	512	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	96	-	3,881	41	-	-
Excess (deficiency) of receipts over disbursements	-	304	-	(2,381)	959	2,000	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	304	-	(2,381)	959	2,000	-
Cash and investments - ending	\$ -	\$ 1,309	\$ 500	\$ 2,367	\$ 959	\$ 2,000	\$ -

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

	Donation - Greene Education Service	Indiana Retired Teachers Association	Kindergarten Donation	Adult and Continuing Education	Miscellaneous Programs	Formative Assessment	High Ability 16-17
Cash and investments - beginning	\$ -	\$ 2	\$ 895	\$ 175	\$ 699	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	6,059	28,079
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	6,059	28,079
Disbursements:							
Instruction	-	-	237	-	-	6,059	22,705
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	237	-	-	6,059	22,705
Excess (deficiency) of receipts over disbursements	-	-	(237)	-	-	-	5,374
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	-	-	(237)	-	-	-	5,374
Cash and investments - ending	\$ -	\$ 2	\$ 658	\$ 175	\$ 699	\$ -	\$ 5,374

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	High Ability 15-16	High Ability 17-18	Teacher Quality Improvement Program	Economic Education Mini Grant	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ 6,165	\$ -	\$ 15,314	\$ -	\$ 24,532	\$ (9,424)	\$ 34,061
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	25	19,618	6,308
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	25	19,618	6,308
Disbursements:							
Instruction	6,053	-	-	-	-	-	-
Support services	112	-	-	-	3,479	14,149	19,535
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	6,165	-	-	-	3,479	14,149	19,535
Excess (deficiency) of receipts over disbursements	(6,165)	-	-	-	(3,454)	5,469	(13,227)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,165)	-	-	-	(3,454)	5,469	(13,227)
Cash and investments - ending	\$ -	\$ -	\$ 15,314	\$ -	\$ 21,078	\$ (3,955)	\$ 20,834

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Career and Technical Performance Grant	21st Century Scholars	Scholar Success Grant 16-17	ISTA Settlement	Team Nutrition	Title I 2017-2018	Title I 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 57,871	\$ 542	\$ -	\$ (13,045)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	842	-	312	-	-	-	-
Federal sources	857	-	-	-	-	-	43,498
Other receipts	-	-	-	-	-	-	-
Total receipts	1,699	-	312	-	-	-	43,498
Disbursements:							
Instruction	-	-	-	-	-	-	29,884
Support services	-	-	312	-	-	-	449
Noninstructional services	-	-	-	-	-	-	120
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	312	-	-	-	30,453
Excess (deficiency) of receipts over disbursements	1,699	-	-	-	-	-	13,045
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,699	-	-	-	-	-	13,045
Cash and investments - ending	\$ 1,699	\$ -	\$ -	\$ 57,871	\$ 542	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Title I 2016-2017	Project Peace	Cape Grant	21st Century Learning Center	21st Century Learning Center	Improving Teacher Quality, No Child Left, Title II, Part A	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ 500	\$ 22,652	\$ -	\$ -	\$ (3,792)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	170,719	-	-	-	-	45,444	-
Other receipts	-	102,300	-	-	-	-	-
Total receipts	170,719	102,300	-	-	-	45,444	-
Disbursements:							
Instruction	183,674	-	-	-	-	45,948	-
Support services	-	-	-	19,355	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	30,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	183,674	30,000	-	19,355	-	45,948	-
Excess (deficiency) of receipts over disbursements	(12,955)	72,300	-	(19,355)	-	(504)	-
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	(12,955)	72,300	-	(19,355)	-	(504)	-
Cash and investments - ending	\$ (12,955)	\$ 72,800	\$ 22,652	\$ (19,355)	\$ -	\$ (4,296)	\$ -

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Rural Schools and Low Income Program - Pass Through State	Rural Schools and Low Income Program - Pass Through State	Rural Schools and Low Income Program - Pass Through State	Title II Part B Math and Science Partnership	Payroll Withholdings	Prepaid Lunch Trust	Totals
Cash and investments - beginning	\$ (464)	\$ -	\$ -	\$ -	\$ 15,279	\$ -	\$ 2,639,770
Receipts:							
Local sources	-	-	-	-	-	-	1,668,924
Intermediate sources	-	-	-	-	-	-	149
State sources	-	-	-	-	-	-	5,484,000
Federal sources	11,552	-	-	113,950	-	-	702,365
Other receipts	-	-	-	-	1,639,094	-	1,775,778
Total receipts	11,552	-	-	113,950	1,639,094	-	9,631,216
Disbursements:							
Instruction	11,473	4,059	-	-	-	-	4,170,666
Support services	-	-	-	113,950	-	-	2,471,254
Noninstructional services	-	-	-	-	-	-	400,877
Facilities acquisition and construction	-	-	-	-	-	-	111,230
Debt service	-	-	-	-	-	-	612,759
Nonprogrammed charges	-	-	-	-	-	-	261
Interfund loans	-	-	-	-	1,623,927	-	1,623,927
Total disbursements	11,473	4,059	-	113,950	1,623,927	-	9,390,974
Excess (deficiency) of receipts over disbursements	79	(4,059)	-	-	15,167	-	240,242
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	27,256
Transfers out	-	-	-	-	-	-	(27,256)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	79	(4,059)	-	-	15,167	-	240,242
Cash and investments - ending	\$ (385)	\$ (4,059)	\$ -	\$ -	\$ 30,446	\$ -	\$ 2,880,012

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 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
Cash and investments - beginning	\$ 171,065	\$ 265,941	\$ 103,467	\$ 98,493	\$ 116,953	\$ 92,809	\$ 1,118,308
Receipts:							
Local sources	17,766	601,370	179,317	440,319	322,022	63,960	-
Intermediate sources	5,887	-	-	-	-	-	-
State sources	5,336,148	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	23,200	-	-	-	2,724	-	-
Total receipts	5,383,001	601,370	179,317	440,319	324,746	63,960	-
Disbursements:							
Instruction	3,955,338	-	-	-	-	-	-
Support services	1,527,295	-	-	462,700	301,503	58,744	-
Noninstructional services	53,183	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	43,693	-	-	-
Debt service	-	620,822	173,403	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	5,535,816	620,822	173,403	506,393	301,503	58,744	-
Excess (deficiency) of receipts over disbursements	(152,815)	(19,452)	5,914	(66,074)	23,243	5,216	-
Other financing sources (uses):							
Transfers in	275,800	-	-	600	3,300	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	275,800	-	-	600	3,300	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	122,985	(19,452)	5,914	(65,474)	26,543	5,216	-
Cash and investments - ending	\$ 294,050	\$ 246,489	\$ 109,381	\$ 33,019	\$ 143,496	\$ 98,025	\$ 1,118,308

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

	<u>Construction</u>	<u>School Lunch</u>	<u>Textbook Rental</u>	<u>Self-Insurance</u>	<u>Levy Excess</u>	<u>Early Intervention Grant</u>	<u>Comprehensive Counseling</u>
Cash and investments - beginning	\$ 20,000	\$ 146,351	\$ 112,119	\$ 391,577	\$ 6,117	\$ 4,124	\$ 20,414
Receipts:							
Local sources	-	82,383	75,852	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	2,621	33,288	-	-	-	-
Federal sources	-	252,278	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	337,282	109,140	-	-	-	-
Disbursements:							
Instruction	-	-	-	-	-	4,124	-
Support services	-	-	108,877	-	-	-	20,414
Noninstructional services	-	303,826	-	-	-	-	-
Facilities acquisition and construction	4,099	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	4,099	303,826	108,877	-	-	4,124	20,414
Excess (deficiency) of receipts over disbursements	(4,099)	33,456	263	-	-	(4,124)	(20,414)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(279,700)	-	-	-
Total other financing sources (uses)	-	-	-	(279,700)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,099)	33,456	263	(279,700)	-	(4,124)	(20,414)
Cash and investments - ending	\$ 15,901	\$ 179,807	\$ 112,382	\$ 111,877	\$ 6,117	\$ -	\$ -

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

	<u>Donations</u>	<u>Donations - Nurse Supplies</u>	<u>Donation - Academics</u>	<u>Donation - Coca Cola</u>	<u>Donation Greene Co Hospital</u>	<u>Donation Bloombank</u>	<u>Donation - Dollar General</u>
Cash and investments - beginning	\$ -	\$ 1,309	\$ 500	\$ 2,367	\$ 959	\$ 2,000	\$ -
Receipts:							
Local sources	1,397	721	151	1,500	-	2,000	10,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,397</u>	<u>721</u>	<u>151</u>	<u>1,500</u>	<u>-</u>	<u>2,000</u>	<u>10,000</u>
Disbursements:							
Instruction	-	-	151	1,060	403	-	3,477
Support services	1,338	454	-	5	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>1,338</u>	<u>454</u>	<u>151</u>	<u>1,065</u>	<u>403</u>	<u>-</u>	<u>3,477</u>
Excess (deficiency) of receipts over disbursements	<u>59</u>	<u>267</u>	<u>-</u>	<u>435</u>	<u>(403)</u>	<u>2,000</u>	<u>6,523</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>59</u>	<u>267</u>	<u>-</u>	<u>435</u>	<u>(403)</u>	<u>2,000</u>	<u>6,523</u>
Cash and investments - ending	<u>\$ 59</u>	<u>\$ 1,576</u>	<u>\$ 500</u>	<u>\$ 2,802</u>	<u>\$ 556</u>	<u>\$ 4,000</u>	<u>\$ 6,523</u>

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

	Donation - Greene Education Service	Indiana Retired Teachers Association	Kindergarten Donation	Adult and Continuing Education	Miscellaneous Programs	Formative Assessment	High Ability 16-17
Cash and investments - beginning	\$ -	\$ 2	\$ 658	\$ 175	\$ 699	\$ -	\$ 5,374
Receipts:							
Local sources	7,495	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	7,262	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	7,495	-	-	-	-	7,262	-
Disbursements:							
Instruction	-	-	132	-	-	4,323	5,374
Support services	-	-	-	-	-	2,939	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	132	-	-	7,262	5,374
Excess (deficiency) of receipts over disbursements	7,495	-	(132)	-	-	-	(5,374)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,495	-	(132)	-	-	-	(5,374)
Cash and investments - ending	\$ 7,495	\$ 2	\$ 526	\$ 175	\$ 699	\$ -	\$ -

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

	High Ability 15-16	High Ability 17-18	Teacher Quality Improvement Program	Economic Education Mini Grant	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ 15,314	\$ -	\$ 21,078	\$ (3,955)	\$ 20,834
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	28,085	-	-	-	8,008	7,770
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	2,287
Total receipts	-	28,085	-	-	-	8,008	10,057
Disbursements:							
Instruction	-	22,964	-	-	-	-	-
Support services	-	-	433	-	3,528	8,715	19,388
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	22,964	433	-	3,528	8,715	19,388
Excess (deficiency) of receipts over disbursements	-	5,121	(433)	-	(3,528)	(707)	(9,331)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,121	(433)	-	(3,528)	(707)	(9,331)
Cash and investments - ending	\$ -	\$ 5,121	\$ 14,881	\$ -	\$ 17,550	\$ (4,662)	\$ 11,503

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

	Career and Technical Performance Grant	21st Century Scholars	Scholar Success Grant 16-17	ISTA Settlement	Team Nutrition	Title I 2017-2018	Title I 2015-2016
Cash and investments - beginning	\$ 1,699	\$ -	\$ -	\$ 57,871	\$ 542	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	3,514	-	-	-	-	-	-
Federal sources	-	-	-	-	-	204,632	-
Other receipts	-	-	-	-	-	-	-
Total receipts	3,514	-	-	-	-	204,632	-
Disbursements:							
Instruction	-	-	-	-	-	193,632	-
Support services	-	-	-	-	-	23,812	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	217,444	-
Excess (deficiency) of receipts over disbursements	3,514	-	-	-	-	(12,812)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,514	-	-	-	-	(12,812)	-
Cash and investments - ending	\$ 5,213	\$ -	\$ -	\$ 57,871	\$ 542	\$ (12,812)	\$ -

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

	<u>Title I 2016-2017</u>	<u>Project Peace</u>	<u>Cape Grant</u>	<u>21st Century Learning Center</u>	<u>21st Century Learning Center</u>	<u>Improving Teacher Quality, No Child Left, Title II, Part A</u>	<u>Improving Teacher Quality, No Child Left, Title II, Part A</u>
Cash and investments - beginning	\$ (12,955)	\$ 72,800	\$ 22,652	\$ (19,355)	\$ -	\$ (4,296)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	21,191	-	-	160,485	-	22,818	33,092
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>21,191</u>	<u>-</u>	<u>-</u>	<u>160,485</u>	<u>-</u>	<u>22,818</u>	<u>33,092</u>
Disbursements:							
Instruction	7,937	-	-	-	-	18,522	33,749
Support services	-	-	4,752	141,130	2,323	-	-
Noninstructional services	299	-	-	-	-	-	-
Facilities acquisition and construction	-	36,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>8,236</u>	<u>36,000</u>	<u>4,752</u>	<u>141,130</u>	<u>2,323</u>	<u>18,522</u>	<u>33,749</u>
Excess (deficiency) of receipts over disbursements	<u>12,955</u>	<u>(36,000)</u>	<u>(4,752)</u>	<u>19,355</u>	<u>(2,323)</u>	<u>4,296</u>	<u>(657)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>12,955</u>	<u>(36,000)</u>	<u>(4,752)</u>	<u>19,355</u>	<u>(2,323)</u>	<u>4,296</u>	<u>(657)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 36,800</u>	<u>\$ 17,900</u>	<u>\$ -</u>	<u>\$ (2,323)</u>	<u>\$ -</u>	<u>\$ (657)</u>

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

	Rural Schools and Low Income Program - Pass Through State	Rural Schools and Low Income Program - Pass Through State	Rural Schools and Low Income Program - Pass Through State	Title II Part B Math and Science Partnership	Payroll Withholdings	Prepaid Lunch Trust	Totals
Cash and investments - beginning	\$ (385)	\$ (4,059)	\$ -	\$ -	\$ 30,446	\$ -	\$ 2,880,012
Receipts:							
Local sources	-	-	-	-	-	-	1,806,253
Intermediate sources	-	-	-	-	-	-	5,887
State sources	-	-	-	-	-	-	5,426,696
Federal sources	385	19,631	5,831	-	-	-	720,343
Other receipts	-	-	-	-	1,620,157	83,685	1,732,053
Total receipts	385	19,631	5,831	-	1,620,157	83,685	9,691,232
Disbursements:							
Instruction	-	15,572	5,831	-	-	-	4,272,589
Support services	-	-	-	-	-	-	2,688,350
Noninstructional services	-	-	-	-	-	-	357,308
Facilities acquisition and construction	-	-	-	-	-	-	83,792
Debt service	-	-	-	-	-	-	794,225
Interfund loans	-	-	-	-	1,637,436	80,353	1,717,789
Total disbursements	-	15,572	5,831	-	1,637,436	80,353	9,914,053
Excess (deficiency) of receipts over disbursements	385	4,059	-	-	(17,279)	3,332	(222,821)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	279,700
Transfers out	-	-	-	-	-	-	(279,700)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	385	4,059	-	-	(17,279)	3,332	(222,821)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 13,167	\$ 3,332	\$ 2,657,191

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Shakamak School Building Corporation	2016 Bond Issue - Renovation	\$ 174,000	1/15/2018	7/15/2027
Shakamak School Building Corporation-Mutual Bank	Roof and HVAC System Replacement	88,500	5/1/2011	7/1/2025
Shakamak School Building Corporation-Old National	2015 Bond Issue - Renovation	<u>251,500</u>	7/15/2016	1/15/2026
Total governmental activities		<u>514,000</u>		
Total of annual lease payments		<u>\$ 514,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement/Severance	\$ 1,130,000	\$ 182,394
Notes and loans payable	2002 Construction Addition and Renovation	<u>480,364</u>	<u>92,378</u>
Total governmental activities		<u>1,610,364</u>	<u>274,772</u>
Totals		<u>\$ 1,610,364</u>	<u>\$ 274,772</u>

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
 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	\$ 68,000
Buildings	12,575,959
Improvements other than buildings	2,544,391
Machinery, equipment, and vehicles	<u>2,021,490</u>
Total governmental activities	<u>17,209,840</u>
Total capital assets	<u><u>\$ 17,209,840</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF SHAKAMAK, GREENE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2018-004 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Child Nutrition Cluster regarding Program Income for fiscal year 2016-2017. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

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

As described in item 2018-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Title I Grants to Local Educational Agencies regarding Special Tests and Provisions - Assessment System Security. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

Qualified Opinion on Child Nutrition Cluster

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

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Title I Grants to Local Educational Agencies for the period of July 1, 2016 to June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 and 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002, 2018-003, 2018-004, and 2018-005, 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 20, 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.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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	Total Federal Awards Expended 06-30-17	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY 16-17	\$ 63,544	\$ -
School Breakfast Program			FY 17-18	-	64,073
Total - School Breakfast Program				63,544	64,073
National School Lunch Program					
School Lunch Program	Indiana Department of Education	10.555			
School Lunch Program			FY 16-17	199,241	-
School Lunch Program			FY 17-18	-	183,321
School Snack Program			FY 17-18	-	4,884
Commodities			FY 16-17	29,649	-
Commodities			FY 17-18	-	29,535
Total - National School Lunch Program				228,890	217,740
Total - Child Nutrition Cluster				292,434	281,813
Total - Department of Agriculture				292,434	281,813
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
FY 2015 Federal Part B 611 Grant			14215-24-PN01	14,484	-
FY 2016 Federal Part B 611			14216-022-PN01	-	11,549
FY 2016 Federal Part B 611			14216-24-PN01	44,590	-
FY 2017 Federal Part B 611			14217-022-PN01	-	41,293
FY 2017 Federal Part B 611			14217-24-PN001	165,085	-
FY 2018 Federal Part B 611			18611-022-PN01	-	177,451
Total - Special Education Grants to States				224,159	230,293
Special Education Preschool Grants	Indiana Department of Education	84.173			
FY2018 Federal Preschool 619 Grant			18619-22-PN01	-	2,106
FY2016 Federal Preschool 619 Grant			45716-022-PN01	-	2,541
FY2017 Federal Preschool 619 Grant			45717-22-PN01	-	9,729
FY2015 Federal Preschool 619 Grant			45715-24-PN01	539	-
FY2016 Federal Preschool 619 Grant			45716-24-PN01	6,446	-
FY2017 Federal Preschool 619 Grant			45717-22-PN01	4,784	-
Total - Special Education Preschool Grants				11,769	14,376
Total - Special Education Cluster (IDEA)				235,928	244,669

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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	Total Federal Awards Expended 06-30-17	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title 1 FY 2015-2016			16-2960	43,498	-
Title I FY 2016-2017			17-2960	170,719	21,191
Title I FY 2017-2018			18-2960	-	204,632
Total - Title I Grants to Local Educational Agencies				<u>214,217</u>	<u>225,823</u>
Twenty-First Century Community Learning Center	Indiana Department of Education	84.287	5287C150014	-	160,485
Rural Education	Indiana Department of Education	84.358			
Rural/Low FY15			#7000S358B150014	11,552	385
Rural/Low FY17			#7000S358B170014	-	5,831
Rural/Low FY16			#7000S358B160014	-	19,631
Total - Rural Education				<u>11,552</u>	<u>25,847</u>
Mathematics and Science Partnerships	Indiana Department of Education	84.366	A58-6-16CI-3292	113,950	-
Math/Sci Year 3					
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Title IIA CSR 14-16			15-2960	18,689	-
Title IIA CSR 15-17			16-2960	26,755	22,818
Title IIA CSR FY17			17-2960	-	33,092
Total - Supporting Effective Instruction State Grants				<u>45,444</u>	<u>55,910</u>
Total - Department of Education				<u>621,091</u>	<u>712,734</u>
Total federal awards expended				<u>\$ 913,525</u>	<u>\$ 994,547</u>

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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 Greene-Sullivan Special Education 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.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

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

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: Child Nutrition Cluster - Internal Controls
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirements: Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity
 Audit Finding: Material Weakness

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This was a repeat finding from the immediately prior audit. The prior audit finding number was 2016-007.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity

Reporting

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

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

The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure that free and reduced price applications were verified. There was no segregation of duties, such as an oversight, review, or approval process to ensure the verification process was completed correctly.

Special Tests and Provisions - Paid Lunch Equity

The School Corporation had not designed or implemented adequate controls, policies, or procedures to ensure the accuracy of the Paid Lunch Equity calculations. There was no segregation of duties, such as an oversight, review, or approval process to ensure the verification process was completed correctly.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed and implemented an effective system of internal controls that segregated key functions.

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. A lack of segregation of duties within an internal control system could have allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-002

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

Repeat Finding

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

Condition

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with procurement procedures or with applicable state and local requirements.

Suspension and Debarment

The School Corporation did not have internal controls in place to ensure that the vendors were not suspended and debarred from participation in federal programs.

During the audit period, the School Corporation did not perform any procedures for two of the three vendors that received over \$25,000 to verify that they were not suspended or debarred from participation in the federal program.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 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

The School Corporation's management had not established or implemented an effective internal control system to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with 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, which is part of this report.

FINDING 2018-003

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-007.

Condition

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

An effective internal control system was not in place at the School Corporation to ensure that the School Lunch fund monthly cash balance, which is the net cash resources, did not exceed the three months average expenditures. There was no oversight, review, or monitoring of the cash balances (net cash resources).

The School Corporation's cash balance (net cash resources) exceeded the three months average expenditures for 21 of the 24 months.

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of internal controls was a systemic issue for the entire audit period. The cash balances (net cash resources) of the School Lunch fund were greater than the three months average expenditures for 21 of the 24 months during the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(b) states: "*Net cash resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

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

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

Cause

The School Corporation had not designed or implemented a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
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 - Program Income
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 16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Program Income compliance requirement. The School Corporation had not designed or implemented adequate controls to ensure program income was properly recorded. An oversight, review, or approval process had not been established.

The School Corporation established a single fund, the School Lunch fund, to account for all activity of the food service programs. When prepaid funds were received, they were receipted into the School Lunch fund as revenue, with no distinction between the prepaid accounts and the program income generated from the food service programs from July 1, 2016 to June 30, 2017. Due to the method of recordkeeping, it could not be determined if the School Corporation was in compliance with the Program Income compliance requirement.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(c) states:

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

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

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

Cause

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

Effect

The failure to establish an effective internal control system and provide adequate supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-005

Subject: Title I Grants to Local Educational Agencies - Special
Tests and Provisions - Assessment System Security
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 16-2960, 17-2960, 18-2960
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment System Security
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition

The School Corporation had not established an effective internal control system to ensure compliance related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation Assessment System Security Policy does not specify that testing materials should not be delivered to school buildings more than one week in advance of test administration, nor did it state that teachers and other school staff members are not allowed access to secure materials more than 24 hours in advance of test administration. In addition, the School Corporation did not retain the Testing Security and Integrity Agreements for any individuals who administered, handled, or had access to secure test materials.

Context

This was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

METROPOLITAN SCHOOL DISTRICT OF SHAKAMAK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Assessment Program Manual, Chapter 13, Section 4, Part D states in part: ". . . Ensure all applicable school and corporation staff review and sign the *Indiana Testing Security and Integrity Agreement* annually by the end of September as described in the Code of Ethical Practices and Procedures"

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

DANIEL NOEL, SUPERINTENDENT
JENNIFER E. BARCUS, TREASURER
BRENDA E. CULLER, PAYROLL-DEPUTY TREASURER
VICKI MCCRACKEN, SECRETARY



BOARD OF SCHOOL TRUSTEES
JEFFREY B. MILLER, PRESIDENT
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JOHN F. GAMBILL, SECRETARY
TROY FOUGEROUSSE, MEMBER
ROBERT WISE, MEMBER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2016

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

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer;

Daniel Noel, Superintendent; Tammy Street, Cafeteria Supervisor

Contact Phone Number: 812-665-3550

Status of Audit Finding: Corrected

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016

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

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer;

Daniel Noel, Superintendent

Contact Phone Number: 812-665-3550

Status of Audit Finding: Grant ended in 2016

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer;

Daniel Noel, Superintendent; Tammy Street, Cafeteria Supervisor

Status of Audit Finding: Lack of Prepaid Procedures – Corrected in August 2017

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Daniel Noel, Superintendent; Tammy Street, Cafeteria Supervisor

Status of Audit Finding: Corrected

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Daniel Noel, Superintendent

Status of Audit Finding: Corrected

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Daniel Noel, Superintendent

Status of Audit Finding: Corrected

FINDING 2016-007

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Daniel Noel, Superintendent; Tammy Street, Cafeteria Supervisor

Status of Audit Finding: Lack of Internal Controls/Cash Management, Lack of Internal Controls/Reporting corrected in August 2018. Lack of Internal Controls/Special Tests/Verification of Applications corrected in December 2017. Verification summaries will begin being reviewed by the Corporation Treasurer for school year 2019-2020. Lack of Internal Controls/Paid Lunch Equity corrected in June 2018.

FINDING 2016-008

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Daniel Noel, Superintendent

Status of Audit Finding: Grant ended in 2016

FINDING 2016-009

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Daniel Noel, Superintendent

Status of Audit Finding: Lack of Internal Controls/Procurement corrected with a procurement policy added in September 2017, and the Corporation Treasurer will begin reviewing the procurement procedures being followed by the cafeteria supervisor in May 2019. Lack of Procedures/Suspension and Debarment corrected in June 2018.

FINDING 2016-010

Fiscal year in which the finding initially occurred: 2016

Pass-through entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Daniel Noel, Superintendent

Status of Audit Finding: Lack of Internal Controls/Assessment System Security Policy was corrected in June 2018. Lack of Internal Controls/Testing Security Integrity Agreements corrected during 2018-2019 school year.

Jennifer Barcus
Signature

Corporation Treasurer
Title

5-15-19
Date

Daniel G. Noel
Signature

Supt.
Title

5/15/2019
Date

DANIEL NOEL, SUPERINTENDENT
JENNIFER E. BARCUS, TREASURER
BRENDA E. CULLER, PAYROLL-DEPUTY TREASURER
VICKI MCCRACKEN, SECRETARY



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TROY FOUGEROUSSE, MEMBER
ROBERT WISE, MEMBER

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Tammy Street, Cafeteria Supervisor
Contact Phone Number: 812-665-3550

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. (Lack of Internal Controls – Reporting): The cafeteria supervisor will prepare the monthly claim for reimbursement, and the corporation treasurer will review and approve. The cafeteria supervisor will prepare the Verification Summary Report, and the corporation treasurer will review and approve.
2. (Lack of Internal Controls – Special Tests/Verification of Applications): The cafeteria supervisor will complete the verification of free and reduced applications, with another cafeteria employee reviewing the verifications.
3. (Lack of Internal Controls – Paid Lunch Equity): The cafeteria supervisor will complete the paid lunch equity calculation, and the corporation treasurer will review and approve.

Anticipated Completion Date:

1. The corporation treasurer began reviewing and approving the monthly claim reimbursements, prepared by the cafeteria supervisor, in August 2018. The corporation treasurer will begin reviewing and approving the verification summary report, prepared by the cafeteria supervisor, for the 2019-2020 school year.
2. The cafeteria supervisor and another cafeteria employee began reviewing the verification of free and reduced applications, in December 2017.
3. The corporation treasurer began reviewing and approving the paid lunch equity calculation, prepared by the cafeteria supervisor, in June 2018.

FINDING 2018-002

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Tammy Street, Cafeteria Supervisor
Contact Phone Number: 812-665-3550

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. (Lack of Internal Controls – Procurement): A procurement policy has been implemented. The Corporation Treasurer will review and approve all quotes/bids, obtained by the cafeteria supervisor, to ensure procurement procedures are followed.
2. (Lack of Procedures – Suspension and Debarment): Procedures will be implemented to verify that vendors were not suspended or debarred from participation in federal programs, before entering into a contract.

Anticipated Completion Date:

1. A procurement policy was implemented in September 2017. The Corporation Treasurer will begin reviewing and approving, in May 2019, all quotes/bids, obtained by the cafeteria supervisor,
2. Suspension and debarment procedures were implemented in June 2018.

FINDING 2018-003

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Tammy Street, Cafeteria Supervisor
Contact Phone Number: 812-665-3550

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. (Lack of Internal Controls – Cash Management): The cafeteria supervisor and the corporation treasurer will review the monthly cash balances in the School Lunch Fund, noting if the amount exceeds three months average expenditures.

Anticipated Completion Date:

1. The cafeteria supervisor and the corporation treasurer began reviewing the monthly cash balance in the School Lunch Fund, in August 2018. During school year 2018-2019, the cafeteria purchased a refrigerator, cafeteria tables, dunnage racks to replace wooden pallets, floor scrubber, and hired an additional part-time employee. The school corporation will apply for Community Eligibility Provision by June 30, 2019. This will require the cafeteria to fund the unreimbursed portion of breakfast and lunches.

FINDING 2018-004

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Tammy Street, Cafeteria Supervisor
Contact Phone Number: 812-665-3550

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. (Lack of Procedures): The cafeteria supervisor will use a prepaid food clearing account for transfers in and out. This transfer will be done on a daily basis.

Anticipated Completion Date:

1. The corporation treasurer and the cafeteria supervisor implemented the prepaid food clearing account in August 2017.

FINDING 2018-005

Contact Person Responsible for Corrective Action: Jennifer Barcus, Corporation Treasurer; Jeff Gambill, Elementary Principal; Brenton Anderson, Jr./Sr. High Principal
Contact Phone Number: 812-665-3550

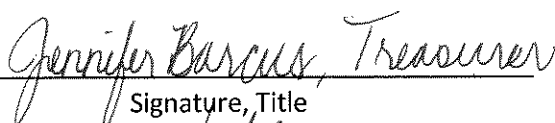
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. (Lack of Internal Controls): The school corporation will keep sign in sheets from trainings, and maintain Indiana Testing Security and Integrity Agreements for any individuals who administered, handled, or had access to secure test materials.
2. The school corporation will update the Assessment System Security Policy to specify that testing materials should not be delivered to school buildings more than one week in advance of test administration. It will also state that teachers and other school staff members are not allowed access to secure materials more than 24 hours in advance of test administration.

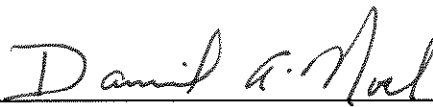
Anticipated Completion Date:

1. The school corporation updated the Assessment System Policy in June 2018.
2. The school corporation began keeping sign in sheets and agreements in August 2018.



Signature, Title
5/15/19

Date



Signature, Title
5/15/2019

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/>.