

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CONCORD COMMUNITY SCHOOLS
ELKHART COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
06/27/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sarah Nagy	07-01-16 to 01-15-17
	Rebecka Smith (interim)	01-16-17 to 04-17-17
	Susan Oakley	04-18-17 to 02-01-19
	Laurie J. Gregory	02-01-19 to 12-31-19
Superintendent of Schools	John D. Trout	07-01-16 to 05-01-19
	Timothy W. Tahara	05-02-19 to 06-30-19
President of the School Board	Randall Myers	01-01-16 to 12-31-17
	Tim A. Yoder	01-01-18 to 12-31-18
	Kami E. Wait	01-01-19 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CONCORD COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 28, 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 28, 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 CONCORD COMMUNITY SCHOOLS, ELKHART 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 Concord Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated May 28, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


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

Concord Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

May 28, 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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CONCORD COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 7,672,076	\$ 36,206,604	\$ 33,956,019	\$ 4,158	\$ 9,926,819	\$ 35,212,725	\$ 37,379,886	\$ -	\$ 7,759,658
Referendum Tax Levy	3,471,391	4,347,348	4,547,228	-	3,271,511	4,778,285	5,223,505	-	2,826,291
Debt Service	927,023	10,659,988	9,100,703	-	2,486,308	9,835,941	8,652,481	(652,497)	3,017,271
Retirement/Severance Bond Debt Service	53,712	407,156	358,595	-	102,273	396,455	356,366	(26,189)	116,173
Capital Projects	1,201,661	2,538,283	3,247,350	-	492,594	2,714,055	2,751,272	428,485	883,862
School Transportation	630,482	1,573,362	1,801,844	17,586	419,586	1,834,328	1,890,643	250,200	613,471
School Bus Replacement	414,602	420,350	333,252	-	501,700	383,282	439,931	-	445,051
Rainy Day	3,425,635	-	-	-	3,425,635	-	-	-	3,425,635
Construction	-	-	140,557	2,017,148	1,876,591	-	1,745,909	-	130,682
GOB 2013 Construction	104,964	-	103,363	-	1,601	-	1,601	-	-
GOB 2017 Construction	-	-	55,056	2,018,793	1,963,737	-	1,820,628	-	143,109
GOB 2018 Construction	-	-	-	-	-	-	323,072	423,072	100,000
GOB 2017B Construction	-	-	-	-	-	-	116,422	2,147,500	2,031,078
School Lunch	2,072,766	2,624,288	3,787,796	-	909,258	3,355,438	3,619,232	-	645,464
Textbook Rental	596,830	460,924	576,318	-	481,436	415,697	222,091	-	675,042
Young Authors	3,604	-	-	-	3,604	-	-	-	3,604
Alternative Education Fund	-	-	-	-	-	10,770	-	-	10,770
SAFE School Haven	-	12,000	11,969	-	31	-	31	-	-
Early Intervention Grant FY 2017	-	25,439	25,439	-	-	-	-	-	-
Early Intervention Grant FY 2018	-	-	-	-	-	25,703	25,703	-	-
Lilly Implementation Grant	-	-	-	-	-	533,400	36,117	-	497,283
Lilly Planning Grant	-	49,982	17,501	-	32,481	-	31,346	-	1,135
Miscellaneous Programs	12,318	10,358	10,358	-	12,318	54,360	45,257	-	21,421
Print Center	7,199	30,595	18,675	-	19,119	20,691	15,568	-	24,242
Formative Assessment Fund	-	-	-	-	-	65,213	65,213	-	-
Formative Assessment	30,560	55,715	79,511	-	6,764	-	6,764	-	-
Instruction Support	-	-	-	-	-	50,851	50,851	-	-
High Ability Grant 2016	6,657	-	6,453	-	204	-	204	-	-
High Ability Grant 2017	-	50,536	58,837	-	(8,301)	-	(8,301)	-	-
Early Childhood Intervention (First Steps)	16,018	-	15,719	-	299	-	299	-	-
Medicaid Reimbursement	-	-	-	-	-	19,563	-	-	19,563
Secured Schools Safety Grant	(2,046)	24,292	51,379	-	(29,133)	-	(29,133)	-	-
Extra-Curricular Activities	938	20,153	19,960	-	1,131	33,474	26,800	-	7,805
Non-English Speaking Programs	-	-	-	-	-	282,359	229,455	-	52,904
NESP State Grant 2016	2,837	-	24,139	-	(21,302)	-	(21,302)	-	-
NESP State Grant 2017	-	187,092	176,252	-	10,840	-	10,840	-	-
School Technology	71,309	89,583	45,618	-	115,274	104,929	83,020	-	137,183
Career and Technical Performance Grant	-	16,803	-	-	16,803	23,562	8,506	-	31,859
Innovation	-	-	125	-	(125)	-	(125)	-	-
Senator David Ford Technology	(2,392)	-	29,413	-	(31,805)	-	(31,805)	-	-
Title I	-	-	-	-	-	490,253	644,897	-	(154,644)
Title I - FY 2016	(43,005)	326,059	270,647	(17,586)	(5,179)	-	(5,182)	-	3
Title I - FY 2017	-	471,047	718,518	-	(247,471)	403,843	156,372	-	-
Title I SIG	-	-	34,854	-	(34,854)	40,258	5,404	-	-
PL 107-110 Title I SIG 2017-18	-	-	-	-	-	11,233	24,090	-	(12,857)
IDEA, PL 101-476 FY 2016	(173,594)	408,627	239,725	-	(4,692)	-	(4,692)	-	-
IDEA, PL 101-476 FY 2017	-	426,842	1,010,293	-	(583,451)	820,321	345,744	-	(108,874)
IDEA, PL 101-476 FY 2018	-	-	-	-	-	476,177	1,041,664	-	(565,487)
Medicaid Reimbursement - Federal	456,755	153,862	61,767	-	548,850	90,007	365,423	-	273,434
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	17,617	-	(17,617)
Improving Teacher Quality, No Child Left, Title II, Part A 2015	(2,868)	8,070	8,033	-	(2,831)	-	(2,831)	-	-
Improving Teacher Quality, No Child Left, Title II, Part A 2016	2,832	-	-	-	2,832	-	2,832	-	-
Improving Teacher Quality, No Child Left, Title II, Part A 2017	-	-	24,235	-	(24,235)	96,306	72,071	-	-
Improving Teacher Quality, Title II, Part A 17/19	-	-	-	-	-	-	21,230	-	(21,230)
Title III - English Proficiency Migrant	-	-	-	-	-	91,186	103,880	-	(12,694)
Title III Part A, Limited English FY 2016	(5,661)	30,128	24,467	-	-	9,319	9,319	-	-
Title III Part A, Limited English FY 2017	-	81,274	193,193	-	(111,919)	84,096	(27,823)	-	-
Payroll Clearing	114,739	9,006,357	9,065,477	-	55,619	9,105,911	9,114,270	-	47,260
Insurance Trust	1,001,848	5,350,602	4,988,109	-	1,364,341	5,347,943	5,374,232	-	1,338,052
Prepaid School Lunch	22,689	854,561	440,121	-	437,129	982,570	1,374,617	-	45,082
Totals	\$ 22,091,879	\$ 76,928,280	\$ 75,678,868	\$ 4,040,099	\$ 27,381,390	\$ 78,200,504	\$ 83,721,481	\$ 2,570,571	\$ 24,430,984

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

CONCORD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

CONCORD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

CONCORD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

CONCORD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

CONCORD COMMUNITY SCHOOLS
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.

C. Additional Pension Plan

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding this plan may be obtained from the School Corporation.

Note 7. Negative Disbursements

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

CONCORD COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

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

Note 9. Restatements

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

Fund	Balance as of June 30, 2016	Prior Period Adjustment	Balance as of July 1, 2017
Alternative Education Fund	\$ 9,581	\$ (9,581)	\$ -
Miscellaneous Programs	2,736	9,581	12,318

Note 10. Holding Corporation

The School Corporation has entered into capital leases with Concord Community Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2016-2017 and 2017-2018 totaled \$5,638,000 and \$5,965,500, respectively.

Note 11. Subsequent Event

The School Corporation finalized the lease of Ad Valorem Property Tax First Mortgage Bonds, Series 2019, for \$15,510,000 in February of 2019. The purpose of this lease was to finance various renovations, construction, and to improve facilities throughout the School Corporation.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 7,672,076	\$ 3,471,391	\$ 927,023	\$ 53,712	\$ 1,201,661	\$ 630,482	\$ 414,602	\$ 3,425,635
Receipts:								
Local sources	833,459	4,347,348	10,655,825	407,156	2,527,536	1,506,003	420,350	-
Intermediate sources	672	-	-	-	-	-	-	-
State sources	35,279,232	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	93,241	-	4,163	-	10,747	67,359	-	-
Total receipts	36,206,604	4,347,348	10,659,988	407,156	2,538,283	1,573,362	420,350	-
Disbursements:								
Instruction	22,717,875	1,380,654	-	-	-	-	-	-
Support services	10,613,092	1,592,929	-	-	1,787,456	1,801,844	333,252	-
Noninstructional services	625,052	47,959	-	-	-	-	-	-
Facilities acquisition and construction	-	1,525,686	-	-	1,459,894	-	-	-
Debt service	-	-	9,100,703	358,595	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	33,956,019	4,547,228	9,100,703	358,595	3,247,350	1,801,844	333,252	-
Excess (deficiency) of receipts over disbursements	2,250,585	(199,880)	1,559,285	48,561	(709,067)	(228,482)	87,098	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	4,158	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	17,586	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,158	-	-	-	-	17,586	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,254,743	(199,880)	1,559,285	48,561	(709,067)	(210,896)	87,098	-
Cash and investments - ending	\$ 9,926,819	\$ 3,271,511	\$ 2,486,308	\$ 102,273	\$ 492,594	\$ 419,586	\$ 501,700	\$ 3,425,635

CONCORD COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Construction	GOB 2013 Construction	GOB 2017 Construction	GOB 2018 Construction	GOB 2017B Construction	School Lunch	Textbook Rental	Young Authors
Cash and investments - beginning	\$ -	\$ 104,964	\$ -	\$ -	\$ -	\$ 2,072,766	\$ 596,830	\$ 3,604
Receipts:								
Local sources	-	-	-	-	-	453,055	209,407	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	23,929	250,737	-
Federal sources	-	-	-	-	-	2,110,743	-	-
Other receipts	-	-	-	-	-	36,561	780	-
Total receipts	-	-	-	-	-	2,624,288	460,924	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	51,642	-	-	-	10,340	576,318	-
Noninstructional services	-	-	-	-	-	2,994,131	-	-
Facilities acquisition and construction	140,557	51,721	55,056	-	-	535,332	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	247,993	-	-
Total disbursements	140,557	103,363	55,056	-	-	3,787,796	576,318	-
Excess (deficiency) of receipts over disbursements	(140,557)	(103,363)	(55,056)	-	-	(1,163,508)	(115,394)	-
Other financing sources (uses):								
Proceeds of long-term debt	2,017,148	-	2,018,793	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,017,148	-	2,018,793	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,876,591	(103,363)	1,963,737	-	-	(1,163,508)	(115,394)	-
Cash and investments - ending	\$ 1,876,591	\$ 1,601	\$ 1,963,737	\$ -	\$ -	\$ 909,258	\$ 481,436	\$ 3,604

CONCORD COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Alternative Education Fund	SAFE School Haven	Early Intervention Grant FY 2017	Early Intervention Grant FY 2018	Lilly Implementation Grant	Lilly Planning Grant	Miscellaneous Programs	Print Center
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,318	\$ 7,199
Receipts:								
Local sources	-	-	-	-	-	49,982	10,358	30,595
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	12,000	25,439	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	12,000	25,439	-	-	49,982	10,358	30,595
Disbursements:								
Instruction	-	-	25,439	-	-	-	1,262	-
Support services	-	11,969	-	-	-	17,501	-	18,675
Noninstructional services	-	-	-	-	-	-	9,096	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	11,969	25,439	-	-	17,501	10,358	18,675
Excess (deficiency) of receipts over disbursements	-	31	-	-	-	32,481	-	11,920
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	31	-	-	-	32,481	-	11,920
Cash and investments - ending	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ 32,481	\$ 12,318	\$ 19,119

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

	Formative Assessment Fund	Formative Assessment	Instruction Support	High Ability Grant 2016	High Ability Grant 2017	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 30,560	\$ -	\$ 6,657	\$ -	\$ 16,018	\$ -	\$ (2,046)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	55,715	-	-	50,536	-	-	24,292
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	55,715	-	-	50,536	-	-	24,292
Disbursements:								
Instruction	-	-	-	6,453	53,256	15,719	-	-
Support services	-	-	-	-	5,581	-	-	51,379
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	79,511	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	79,511	-	6,453	58,837	15,719	-	51,379
Excess (deficiency) of receipts over disbursements	-	(23,796)	-	(6,453)	(8,301)	(15,719)	-	(27,087)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(23,796)	-	(6,453)	(8,301)	(15,719)	-	(27,087)
Cash and investments - ending	\$ -	\$ 6,764	\$ -	\$ 204	\$ (8,301)	\$ 299	\$ -	\$ (29,133)

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

	Extra- Curricular Activities	Non-English Speaking Programs	NESP State Grant 2016	NESP State Grant 2017	School Technology	Career and Technical Performance Grant	Innovation	Senator David Ford Technology
Cash and investments - beginning	\$ 938	\$ -	\$ 2,837	\$ -	\$ 71,309	\$ -	\$ -	\$ (2,392)
Receipts:								
Local sources	20,153	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	187,092	6,308	-	-	-
Federal sources	-	-	-	-	-	16,803	-	-
Other receipts	-	-	-	-	83,275	-	-	-
Total receipts	20,153	-	-	187,092	89,583	16,803	-	-
Disbursements:								
Instruction	-	-	24,139	175,632	-	-	-	-
Support services	-	-	-	620	8,537	-	125	29,413
Noninstructional services	19,960	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	37,081	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	19,960	-	24,139	176,252	45,618	-	125	29,413
Excess (deficiency) of receipts over disbursements	193	-	(24,139)	10,840	43,965	16,803	(125)	(29,413)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	193	-	(24,139)	10,840	43,965	16,803	(125)	(29,413)
Cash and investments - ending	\$ 1,131	\$ -	\$ (21,302)	\$ 10,840	\$ 115,274	\$ 16,803	\$ (125)	\$ (31,805)

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

	Title I	Title I - FY 2016	Title I - FY 2017	Title I SIG	PL 107-110 Title I SIG 2017-18	IDEA, PL 101-476 FY 2016	IDEA, PL 101-476 FY 2017	IDEA PL 101-476 FY 2018
Cash and investments - beginning	\$ -	\$ (43,005)	\$ -	\$ -	\$ -	\$ (173,594)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	1,425	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	326,059	471,047	-	-	408,627	425,417	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	326,059	471,047	-	-	408,627	426,842	-
Disbursements:								
Instruction	-	181,898	509,347	27,625	-	218,859	999,737	-
Support services	-	37,214	163,323	4,849	-	-	10,556	-
Noninstructional services	-	36,146	45,848	2,380	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	15,389	-	-	-	20,866	-	-
Total disbursements	-	270,647	718,518	34,854	-	239,725	1,010,293	-
Excess (deficiency) of receipts over disbursements	-	55,412	(247,471)	(34,854)	-	168,902	(583,451)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(17,586)	-	-	-	-	-	-
Total other financing sources (uses)	-	(17,586)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	37,826	(247,471)	(34,854)	-	168,902	(583,451)	-
Cash and investments - ending	\$ -	\$ (5,179)	\$ (247,471)	\$ (34,854)	\$ -	\$ (4,692)	\$ (583,451)	\$ -

CONCORD COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Improving Teacher Quality, No Child Left, Title II, Part A 2015	Improving Teacher Quality, No Child Left, Title II, Part A 2016	Improving Teacher Quality, No Child Left, Title II, Part A 2017	Improving Teacher Quality, Title II, Part A 17/19	Title III - English Proficiency Migrant	Title III Part A, Limited English FY 2016
Cash and investments - beginning	\$ 456,755	\$ -	\$ (2,868)	\$ 2,832	\$ -	\$ -	\$ -	\$ (5,661)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	153,862	-	8,070	-	-	-	-	30,128
Other receipts	-	-	-	-	-	-	-	-
Total receipts	153,862	-	8,070	-	-	-	-	30,128
Disbursements:								
Instruction	29,741	-	5,182	-	24,235	-	-	21,555
Support services	32,026	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,851	-	-	-	-	2,912
Total disbursements	61,767	-	8,033	-	24,235	-	-	24,467
Excess (deficiency) of receipts over disbursements	92,095	-	37	-	(24,235)	-	-	5,661
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	92,095	-	37	-	(24,235)	-	-	5,661
Cash and investments - ending	\$ 548,850	\$ -	\$ (2,831)	\$ 2,832	\$ (24,235)	\$ -	\$ -	\$ -

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

	Title III Part A, Limited English FY 2017	Payroll Clearing	Insurance Trust	Prepaid School Lunch	Totals
Cash and investments - beginning	\$ -	\$ 114,739	\$ 1,001,848	\$ 22,689	\$ 22,091,879
Receipts:					
Local sources	-	-	-	-	21,472,652
Intermediate sources	-	-	-	-	672
State sources	-	-	-	-	35,915,280
Federal sources	81,274	-	-	-	4,032,030
Other receipts	-	9,006,357	5,350,602	854,561	15,507,646
Total receipts	81,274	9,006,357	5,350,602	854,561	76,928,280
Disbursements:					
Instruction	191,014	-	-	-	26,609,622
Support services	2,179	-	-	-	17,160,820
Noninstructional services	-	-	-	-	3,780,572
Facilities acquisition and construction	-	-	-	-	3,884,838
Debt service	-	-	-	-	9,459,298
Nonprogrammed charges	-	9,065,477	4,988,109	440,121	14,783,718
Total disbursements	193,193	9,065,477	4,988,109	440,121	75,678,868
Excess (deficiency) of receipts over disbursements	(111,919)	(59,120)	362,493	414,440	1,249,412
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	4,035,941
Sale of capital assets	-	-	-	-	4,158
Transfers in	-	-	-	-	17,586
Transfers out	-	-	-	-	(17,586)
Total other financing sources (uses)	-	-	-	-	4,040,099
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(111,919)	(59,120)	362,493	414,440	5,289,511
Cash and investments - ending	\$ (111,919)	\$ 55,619	\$ 1,364,341	\$ 437,129	\$ 27,381,390

CONCORD COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 9,926,819	\$ 3,271,511	\$ 2,486,308	\$ 102,273	\$ 492,594	\$ 419,586	\$ 501,700	\$ 3,425,635
Receipts:								
Local sources	477,811	4,778,285	9,835,941	396,455	2,705,669	1,826,408	383,282	-
Intermediate sources	484	-	-	-	-	-	-	-
State sources	34,690,268	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	44,162	-	-	-	8,386	7,920	-	-
Total receipts	35,212,725	4,778,285	9,835,941	396,455	2,714,055	1,834,328	383,282	-
Disbursements:								
Instruction	25,331,968	1,209,088	-	-	-	-	-	-
Support services	11,289,936	1,629,104	-	-	1,510,772	1,890,643	439,931	-
Noninstructional services	630,622	33,345	-	-	-	-	-	-
Facilities acquisition and construction	127,360	2,351,968	-	-	1,240,500	-	-	-
Debt service	-	-	8,652,481	356,366	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	37,379,886	5,223,505	8,652,481	356,366	2,751,272	1,890,643	439,931	-
Excess (deficiency) of receipts over disbursements	(2,167,161)	(445,220)	1,183,460	40,089	(37,217)	(56,315)	(56,649)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	428,485	250,200	-	-
Transfers out	-	-	(652,497)	(26,189)	-	-	-	-
Total other financing sources (uses)	-	-	(652,497)	(26,189)	428,485	250,200	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,167,161)	(445,220)	530,963	13,900	391,268	193,885	(56,649)	-
Cash and investments - ending	\$ 7,759,658	\$ 2,826,291	\$ 3,017,271	\$ 116,173	\$ 883,862	\$ 613,471	\$ 445,051	\$ 3,425,635

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

	Construction	GOB 2013 Construction	GOB 2017 Construction	GOB 2018 Construction	GOB 2017B Construction	School Lunch	Textbook Rental	Young Authors
Cash and investments - beginning	\$ 1,876,591	\$ 1,601	\$ 1,963,737	\$ -	\$ -	\$ 909,258	\$ 481,436	\$ 3,604
Receipts:								
Local sources	-	-	-	-	-	1,300,824	184,974	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	25,164	229,553	-
Federal sources	-	-	-	-	-	1,996,579	-	-
Other receipts	-	-	-	-	-	32,871	1,170	-
Total receipts	-	-	-	-	-	3,355,438	415,697	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	1,601	-	-	-	13,292	222,091	-
Noninstructional services	-	-	-	-	-	3,044,897	-	-
Facilities acquisition and construction	1,745,909	-	1,820,628	323,072	116,422	361,043	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	200,000	-	-
Total disbursements	1,745,909	1,601	1,820,628	323,072	116,422	3,619,232	222,091	-
Excess (deficiency) of receipts over disbursements	(1,745,909)	(1,601)	(1,820,628)	(323,072)	(116,422)	(263,794)	193,606	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	423,072	2,147,500	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	423,072	2,147,500	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,745,909)	(1,601)	(1,820,628)	100,000	2,031,078	(263,794)	193,606	-
Cash and investments - ending	\$ 130,682	\$ -	\$ 143,109	\$ 100,000	\$ 2,031,078	\$ 645,464	\$ 675,042	\$ 3,604

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

	Alternative Education Fund	SAFE School Haven	Early Intervention Grant FY 2017	Early Intervention Grant FY 2018	Lilly Implementation Grant	Lilly Planning Grant	Miscellaneous Programs	Print Center
Cash and investments - beginning	\$ -	\$ 31	\$ -	\$ -	\$ -	\$ 32,481	\$ 12,318	\$ 19,119
Receipts:								
Local sources	-	-	-	-	533,400	-	54,360	20,691
Intermediate sources	-	-	-	-	-	-	-	-
State sources	10,770	-	-	25,703	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	10,770	-	-	25,703	533,400	-	54,360	20,691
Disbursements:								
Instruction	-	-	-	25,703	-	-	-	-
Support services	-	31	-	-	36,117	31,346	3,198	15,568
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	42,059	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	31	-	25,703	36,117	31,346	45,257	15,568
Excess (deficiency) of receipts over disbursements	10,770	(31)	-	-	497,283	(31,346)	9,103	5,123
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,770	(31)	-	-	497,283	(31,346)	9,103	5,123
Cash and investments - ending	\$ 10,770	\$ -	\$ -	\$ -	\$ 497,283	\$ 1,135	\$ 21,421	\$ 24,242

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

	Formative Assessment Fund	Formative Assessment	Instruction Support	High Ability Grant 2016	High Ability Grant 2017	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 6,764	\$ -	\$ 204	\$ (8,301)	\$ 299	\$ -	\$ (29,133)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	65,213	-	50,851	-	-	-	19,563	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	65,213	-	50,851	-	-	-	19,563	-
Disbursements:								
Instruction	-	-	50,851	204	(6,941)	299	-	-
Support services	65,213	6,764	-	-	(1,360)	-	-	(29,133)
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	65,213	6,764	50,851	204	(8,301)	299	-	(29,133)
Excess (deficiency) of receipts over disbursements	-	(6,764)	-	(204)	8,301	(299)	19,563	29,133
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(6,764)	-	(204)	8,301	(299)	19,563	29,133
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,563	\$ -

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

	Extra- Curricular Activities	Non-English Speaking Programs	NESP State Grant 2016	NESP State Grant 2017	School Technology	Career and Technical Performance Grant	Innovation	Senator David Ford Technology
Cash and investments - beginning	\$ 1,131	\$ -	\$ (21,302)	\$ 10,840	\$ 115,274	\$ 16,803	\$ (125)	\$ (31,805)
Receipts:								
Local sources	33,474	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	282,359	-	-	7,770	23,562	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	97,159	-	-	-
Total receipts	33,474	282,359	-	-	104,929	23,562	-	-
Disbursements:								
Instruction	214	222,847	(21,302)	10,350	-	-	-	-
Support services	4,557	6,608	-	490	64,067	8,506	(125)	(31,805)
Noninstructional services	22,029	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	18,953	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	26,800	229,455	(21,302)	10,840	83,020	8,506	(125)	(31,805)
Excess (deficiency) of receipts over disbursements	6,674	52,904	21,302	(10,840)	21,909	15,056	125	31,805
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,674	52,904	21,302	(10,840)	21,909	15,056	125	31,805
Cash and investments - ending	\$ 7,805	\$ 52,904	\$ -	\$ -	\$ 137,183	\$ 31,859	\$ -	\$ -

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

	Title I	Title I - FY 2016	Title I - FY 2017	Title I SIG	PL 107-110 Title I SIG 2017-18	IDEA, PL 101-476 FY 2016	IDEA, PL 101-476 FY 2017	IDEA PL 101-476 FY 2018
Cash and investments - beginning	\$ -	\$ (5,179)	\$ (247,471)	\$ (34,854)	\$ -	\$ (4,692)	\$ (583,451)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	490,253	-	403,843	40,258	11,233	-	820,321	476,177
Other receipts	-	-	-	-	-	-	-	-
Total receipts	490,253	-	403,843	40,258	11,233	-	820,321	476,177
Disbursements:								
Instruction	440,302	(5,182)	70,727	-	16,091	(4,692)	319,280	1,009,929
Support services	181,761	-	54,642	5,404	7,999	-	16,380	17,944
Noninstructional services	22,834	-	17,005	-	-	-	10,084	13,791
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	13,998	-	-	-	-	-
Total disbursements	644,897	(5,182)	156,372	5,404	24,090	(4,692)	345,744	1,041,664
Excess (deficiency) of receipts over disbursements	(154,644)	5,182	247,471	34,854	(12,857)	4,692	474,577	(565,487)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(154,644)	5,182	247,471	34,854	(12,857)	4,692	474,577	(565,487)
Cash and investments - ending	\$ (154,644)	\$ 3	\$ -	\$ -	\$ (12,857)	\$ -	\$ (108,874)	\$ (565,487)

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

	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Improving Teacher Quality, No Child Left, Title II, Part A 2015	Improving Teacher Quality, No Child Left, Title II, Part A 2016	Improving Teacher Quality, No Child Left, Title II, Part A 2017	Improving Teacher Quality, Title II, Part A 17/19	Title III - English Proficiency Migrant	Title III Part A, Limited English FY 2016
Cash and investments - beginning	\$ 548,850	\$ -	\$ (2,831)	\$ 2,832	\$ (24,235)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	90,007	-	-	-	96,306	-	91,186	9,319
Other receipts	-	-	-	-	-	-	-	-
Total receipts	90,007	-	-	-	96,306	-	91,186	9,319
Disbursements:								
Instruction	11,580	-	(2,831)	2,832	57,351	-	99,589	9,319
Support services	353,843	17,617	-	-	14,720	21,230	4,291	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	365,423	17,617	(2,831)	2,832	72,071	21,230	103,880	9,319
Excess (deficiency) of receipts over disbursements	(275,416)	(17,617)	2,831	(2,832)	24,235	(21,230)	(12,694)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(275,416)	(17,617)	2,831	(2,832)	24,235	(21,230)	(12,694)	-
Cash and investments - ending	\$ 273,434	\$ (17,617)	\$ -	\$ -	\$ -	\$ (21,230)	\$ (12,694)	\$ -

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

	Title III Part A, Limited English FY 2017	Payroll Clearing	Insurance Trust	Prepaid School Lunch	Totals
Cash and investments - beginning	\$ (111,919)	\$ 55,619	\$ 1,364,341	\$ 437,129	\$ 27,381,390
Receipts:					
Local sources	-	-	-	-	22,531,574
Intermediate sources	-	-	-	-	484
State sources	-	-	-	-	35,430,776
Federal sources	84,096	9,105,911	5,347,943	982,570	20,046,002
Other receipts	-	-	-	-	191,668
Total receipts	84,096	9,105,911	5,347,943	982,570	78,200,504
Disbursements:					
Instruction	(32,957)	-	-	-	28,814,619
Support services	2,136	-	-	-	17,875,379
Noninstructional services	-	-	-	-	3,794,607
Facilities acquisition and construction	-	-	-	-	8,147,914
Debt service	-	-	-	-	9,008,847
Nonprogrammed charges	2,998	9,114,270	5,374,232	1,374,617	16,080,115
Total disbursements	(27,823)	9,114,270	5,374,232	1,374,617	83,721,481
Excess (deficiency) of receipts over disbursements	111,919	(8,359)	(26,289)	(392,047)	(5,520,977)
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	2,570,572
Transfers in	-	-	-	-	678,685
Transfers out	-	-	-	-	(678,686)
Total other financing sources (uses)	-	-	-	-	2,570,571
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	111,919	(8,359)	(26,289)	(392,047)	(2,950,406)
Cash and investments - ending	\$ -	\$ 47,260	\$ 1,338,052	\$ 45,082	\$ 24,430,984

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CONCORD COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,207,421</u>	<u>\$ -</u>

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
MailFinance	Postage Meter Machines	\$ 2,124	3/1/2017	3/31/2022
Concord Community Schools Building Corporation	Bldg Corp Series 2018	298,080	6/30/2019	12/31/2029
Concord Community Schools Building Corporation	Bldg Corp Series 2016	5,686,975	12/31/2016	12/31/2028
Concord Community Schools Building Corporation	Bldg Corp Series 2018B	882,198	6/30/2019	12/31/2029
Concord Community Schools Building Corporation	Bldg Corp Series 2015 Refunding	<u>573,078</u>	7/8/2015	12/31/2020
Total of annual lease payments		<u>\$ 7,442,455</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	GOB of 2016	\$ 175,000 \$ 176,750
General obligation bonds	GOB of 2017	1,660,000 714,500
General obligation bonds	GOB of 2017B	2,150,000 2,182,301
General obligation bonds	GOB Pension Bonds	<u>1,180,386</u> <u>357,646</u>
Totals		<u>\$ 5,165,386</u> <u>\$ 3,431,197</u>

CONCORD COMMUNITY SCHOOLS
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	\$ 11,647,452
Infrastructure	4,355,291
Buildings	189,883,871
Improvements other than buildings	24,088,142
Machinery, equipment, and vehicles	6,735,000
Construction in progress	<u>1,610,423</u>
Total capital assets	<u>\$ 238,320,179</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CONCORD COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 items 2018-004 and 2018-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

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

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

As described in item 2018-009 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Title I Grants to Local Educational Agencies

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

Unmodified Opinion on Each of the Other Major Federal Programs

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-007. 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 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, and 2018-009, 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 28, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Title I School Improvement			17-2270	-	-	-	40,258
Title I School Improvement			18-2270	-	-	-	11,233
Total - Title I Grants to Local Educational Agencies				-	797,106	-	945,587
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed Part B FY 2016			14216-016-PN01	-	326,172	-	-
Special Ed Part B FY 2017			14217-016-PN01	-	425,417	-	820,321
Special Ed Part B FY 2018			18611-014-PN01	-	-	-	476,177
Total - Special Education Grants to States				-	751,589	-	1,296,498
Total - Special Education Cluster (IDEA)				-	1,548,695	-	2,242,085
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III Limited Eng FY 2016			01116-019-PN01	-	30,128	-	9,319
Title III Limited English FY 2017			01117-018-PN01	-	81,274	-	84,096
Title III Limited Eng FY 2018			01118-017-PN01	-	-	-	91,186
Total - English Language Acquisition State Grants				-	111,402	-	184,601
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A 2015-2017			15-2270	-	-	-	96,306
Title II Part A FY 2015-2016			16-2270	-	8,070	-	-
Total - Supporting Effective Instruction State Grants				-	8,070	-	96,306
Total - Department of Education				-	1,668,167	-	2,522,992
Total federal awards expended				\$ -	\$ 3,998,551	\$ -	\$ 4,748,202

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

CONCORD COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Elkhart County 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.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
	Child Nutrition Cluster	Qualified
	Special Education Cluster (IDEA)	Unmodified
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

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding financial transactions and reporting. The prior audit finding number was 2016-001.

Condition

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties:

(a) Journal Entries - The School Corporation had not separated incompatible activities related to processing and approval of journal entries. Journal entries are used to receipt and disburse money between funds, to correct transactions that have been inaccurately posted to the records, and to post Electronic Funds Transfer (EFT) disbursements from the School Corporation's bank accounts to an appropriate fund. These entries were calculated and posted to the records by one employee of the School Corporation without the approval of a second employee of the School Corporation, or by the School Board.

(b) Self-Insurance Fund Transactions - Self-insurance fund transactions are not recorded on the funds ledger of the School Corporation, they are maintained on an Excel spreadsheet. Checks are processed by a third-party administrator and then a check register is sent to the Treasurer for recording within a manual record. None of these disbursements are reviewed and approved by the School Board. Bank reconciliations were approved by CFO effective June 2017 and the self-insurance fund transactions were recorded on the funds ledger beginning in May 2018.

(c) Prepaid School Lunch fund - Transfers to the lunch account were recorded as negative receipts rather than disbursements. As a result, receipts and disbursements are understated on the financial statement.

(d) Payroll Disbursement Process - The School Corporation has not separated incompatible activities related to payroll disbursements. The Payroll Specialist processed and completed all functions of payroll processing activities without documented oversight by a second employee to ensure that payroll was properly calculated, charged to the appropriate fund, and that the employer's contribution for employee benefits was accurately charged to an appropriate fund. There was no evidence of a review, oversight, or approval process by a person other than the preparer until May 2018.

2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would require the School Corporation to monitor and assess the quality of the system of internal control.

Context

The lack of adequate internal controls over the approval of journal entries, and recording of self-insurance fund transactions, was a systemic problem, which occurred throughout the audit period.

Criteria

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators.

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Cause

Management of the School Corporation had not established a proper system of internal controls that segregated key functions over journal entries, payroll disbursements, self-insurance fund transactions, and Prepaid School Lunch fund transactions.

Effect

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

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregations of duties, related to financial transactions and reporting for journal entries, payroll disbursements, self-insurance fund transactions, and Prepaid School Lunch fund transactions. In addition, we recommended that the School Corporation maintain compliance with Indiana Code 5-13-6-1(e).

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2018-002

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

Condition

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

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is a financial reporting system used to compile the School Corporation's SEFA. The School Corporation failed to properly review the federal grant information entered into Gateway prior to submission.

Context

The SEFA presented for audit contained the following errors:

1. The National School Lunch Program grant expenditures of \$415,206 were omitted during the audit period.
2. The Special Education Cluster (IDEA) grant expenditures were overstated by \$82,455 for fiscal year 2016-2017 and \$1,424 for 2017-2018.
3. The School Breakfast Program grant expenditures for 2017-2018 were overstated by \$9,850.
4. The Child and Adult Care Food Program grant expenditures for 2017-2018 were overstated by \$151.
5. The Title I Grants to Local Educational Agencies grant expenditures of \$51,491 were omitted during the audit period.

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

Criteria

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The prior audit finding number was 2016-002.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

Cash Management

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

Eligibility

The School Corporation did not have any documented control in place to ensure that the income guidelines used to determine eligibility by the software application were accurate after each annual update.

Equipment

The School Corporation did not have adequate policies and procedures in place to ensure that proper equipment records were maintained in accordance with 2 CFR 200.313.

Reporting

There was no documentation that an oversight or review process had been established to ensure the accuracy of the Annual Financial Reports or the School Food Authority (SFA) Verification Collection Reports prior to submission.

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

Eligibility verifications performed as part of the Verification Summary Reports were performed by one individual. There was no documented oversight or review process, or other compensating control to ensure that eligibility determinations were accurate.

Special Tests and Provisions - Paid Lunch Equity - National School Lunch Program Only

One individual completed the paid lunch equity calculation without an oversight or review process to ensure the accuracy of the calculation.

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:

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

Effect

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

Views of Responsible Officials

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

FINDING 2018-004

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

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

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation did not have documented controls in place related to vendor and payroll disbursements. A proper system of oversight or review was not in place to ensure that only allowable activities and allowable costs were charged to the appropriate fund. Payroll was processed and completed without a documented oversight by a second employee to ensure payroll was properly calculated and charged to the appropriate fund.

Two remodel projects were performed in fiscal year 2016-2017 for which the work performed would have required approval from Indiana Department of Education in order to be an allowable use of the grant funds. No documentation was provided indicating that the School Corporation requested or was granted approval for this project.

Context

The lack of controls were systemic issues throughout the audit period. The noncompliance was isolated to the remodel expenses identified in the *Condition*.

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 200.439(b) states in part:

"The following rules of allowability must apply to equipment and other capital expenditures:

. . .

- (3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency or pass-through entity. . . ."

Cause

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

Effect

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

Of the remodel costs allocated to the School Lunch fund, \$183,476 were considered questioned costs.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-005

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

Condition

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

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with their procurement procedures or with applicable state and local requirements. An oversight, review, or approval process to ensure compliance was not established.

The School Corporation did not obtain price or rate quotes for purchases of goods or services exceeding \$3,500 from an adequate number of sources, which fell under the small purchase procedures. Nor did the School Corporation document the rationale for the method of procurement. A remodel project was performed in 2017 for which no documentation was provided indicating that the price rate quotes were obtained for this acquisition. Additionally, the work performed required approval from Indiana Department of Education and no documentation was provided indicating that approval had been requested or granted.

The School Corporation did not follow procurement requirements for purchases which exceeded the simplified acquisition threshold of \$150,000. The School Corporation procured supplies through a vendor for which a contract or price analysis had not been performed.

Context

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

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

2 CFR 200.320 states:

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

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

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

FINDING 2018-006

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-016-PN01, 14217-016-PN01, 18611-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Activities Allowed or Unallowed and Allowable Costs/Cost Principles. The prior audit finding numbers were 2016-003 and 2016-004.

Condition

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

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation had not separated incompatible activities related to payroll disbursements. The Payroll Specialist processed and completed all functions of payroll processing activities without documented oversight by a second employee to ensure that payroll was properly calculated and charged to the appropriate fund, and that the employer's contribution for employee benefits was accurately charged to an appropriate fund.

Matching, Level of Effort, Earmarking

The School Corporation had not established an internal control system related to the grant agreement and the level of effort - maintenance of effort requirements of the Matching, Level of Effort, Earmarking compliance requirement. One individual prepared the maintenance of effort report without a proper system of oversight or review.

Context

The lack of controls was an issue throughout the audit period.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that segregated key functions to ensure compliance with the compliance requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, 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 2018-007

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-016-PN01, 14217-016-PN01,
18611-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

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

Condition

The School Corporation was a participating member school corporation of the Elkhart County Special Education Cooperative (ECSEC), a public school program serving approximately 3,400 students with disabilities, ranging from 3 to 22 years old, in Elkhart County. Goshen Community Schools (GCS) was the administrator of the ECSEC. Because the grant agreements were between the Indiana Department of Education and each member school corporation of the ECSEC, each member school corporation was ultimately responsible for ensuring compliance with the requirements. An effective internal control system was not in place at the School Corporation and the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The ECSEC failed to complete all of the Final Year Reports and the majority of the Quarterly Proportionate Share Reports that were required to be filed during the audit period for the member school corporations.

Context

This lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Final Year Reports were not filed and only two of the required Quarterly Proportionate Share Reports were filed.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation and the ECSEC had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-008

Subject: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Annual Report Card, High School Graduation Rate

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): 16-2270, 17-2270, 18-2270

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Activities Allowed or Unallowed and Allowable Costs/Cost Principles. The prior audit finding number was 2016-010.

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with the requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

The School Corporation had not separated incompatible activities related to payroll disbursements. The Payroll Specialist processed and completed all functions of payroll processing activities without a documented oversight by a second employee to ensure that payroll was properly calculated and charged to the appropriate fund, and that the employer's contribution for employee benefits was accurately charged to an appropriate fund.

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

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. There were no controls to ensure that documentation regarding the reason for a student leaving the high school cohort graduation rate for mobility reasons was prepared, reviewed, and retained.

Context

The lack of controls 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). . . ."

Cause

Management had not developed a 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 listed above.

Questioned Costs

There were no questioned costs identified.

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Views of Responsible Officials

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

FINDING 2018-009

Subject: Title I Grants to Local Educational Agencies - Procurement and Suspension and Debarment
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): 16-2270, 17-2270, 18-2270
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with their procurement procedures or with applicable state and local requirements. An oversight, review, or approval process to ensure compliance was not established.

The School Corporation did not obtain price or rate quotes for purchases of goods or services exceeding \$3,500 from an adequate number of sources, which fell under the small purchase procedures. Nor did the School Corporation document the rationale for the method of procurement.

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:

CONCORD COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Concord Community Schools

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001 – FINANCIAL TRANSACTIONS AND REPORTING

Fiscal year in which the finding initially occurred: 2014-2016
Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley
Contact Phone Number: 574-875-5161

Status of Audit Finding:

An internal monitoring system has been established whereby more than one employee oversees payroll, expenditure, and receipt functions. Payroll reports/vouchers are submitted to the Board of School Trustees regularly. Self-Insurance Fund Transactions are all recorded within the software system. Currently, there are 5 individuals available now that either initialize the transactions and the others oversees and/or approves; CFO, Corporation Treasurer, Accounting Supervisor, Deputy Treasurer, and Payroll Specialist. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our internal monitoring systems were revised in June 2018.

FINDING 2016-002 – INTERNAL CONTROLS – CHILD NUTRITION CLUSTER

Fiscal year in which the finding initially occurred: 2014-2016
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Food Service Director/Accounting Coordinator
Contact Phone Number: 574-875-5161

Status of Audit Finding:

The Child Nutrition Cluster for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions are reviewed by a second individual after it has been prepared and before it is submitted. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our internal controls were revised in June 2018.

FINDING 2016-003 – SPECIAL EDUCATION CLUSTER – Activities Allowed or Unallowed and Reporting

Fiscal year in which the finding initially occurred: 2014-2016
Federal Agency: Department of Education
Federal Programs: Special Education Grants to States, Special Education Preschool Grants
Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Theresa Eldridge
Contact Phone Number: 574-875-5161

Status of Audit Finding:

The school corporation currently has oversight procedures in place with the local co-op. The Corporation Treasurer and/or CFO reviews activities and reporting with program coordinator. There is a multiple layer of approval before the expenses and reports are submitted. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our oversight systems were established in June 2018.

FINDING 2016-004 – SPECIAL EDUCATION CLUSTER – Allowable Cost/Cost Principles

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

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

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Theresa Eldridge

Contact Phone Number: 574-875-5161

Status of Audit Finding:

The school corporation currently has oversight procedures in place with the local co-op. The Corporation Treasurer and/or CFO reviews activities and reporting with program coordinator. There is a multiple layer of approval before the expenses and reports are submitted. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our oversight systems were established in June 2018.

FINDING 2016-005 – SPECIAL EDUCATION CLUSTER – Activities Allowed or Unallowed

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

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

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Theresa Eldridge

Contact Phone Number: 574-875-5161

Status of Audit Finding:

The school corporation currently has oversight procedures in place with the local co-op. The Corporation Treasurer and/or CFO reviews activities and reporting with program coordinator. There is a multiple layer of approval before the expenses and reports are submitted. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our oversight systems were established in June 2018.

FINDING 2016-006 – SPECIAL EDUCATION CLUSTER – Allowable Cost/Cost Principles

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

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

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Theresa Eldridge

Contact Phone Number: 574-875-5161

Status of Audit Finding:

The school corporation currently has oversight procedures in place with the local co-op. The Corporation Treasurer and/or CFO and Spec Ed Coordinator reviews and approves budgets, activities and reporting with Elkhart County Special Education Cooperative before the expenses and reports are submitted. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our oversight systems were established in June 2018.

FINDING 2016-007 – SPECIAL EDUCATION CLUSTER – Cash Management

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

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

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Theresa Eldridge

Contact Phone Number: 574-875-5161

Status of Audit Finding:

The school corporation currently has oversight procedures in place with the local co-op. The Corporation Treasurer and/or CFO and Spec Ed Coordinator reviews and approves budgets, activities and reporting with Elkhart County Special Education Cooperative before the expenses and reports are submitted. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our oversight systems were established in June 2018.

FINDING 2016-008 – SPECIAL EDUCATION CLUSTER – Period of Performance

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

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

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Theresa Eldridge

Contact Phone Number: 574-875-5161

Status of Audit Finding:

The school corporation currently has oversight procedures in place with the local co-op. The Corporation Treasurer and/or CFO and Spec Ed Coordinator reviews and approves budgets, activities and reporting with Elkhart County Special Education Cooperative before the expenses and reports are submitted and in a timely manner. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our oversight systems were established in June 2018.

FINDING 2016-009 – SPECIAL EDUCATION CLUSTER – Reporting

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

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

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Theresa Eldridge

Contact Phone Number: 574-875-5161

Status of Audit Finding:

The school corporation currently has oversight procedures in place with the local co-op. The Corporation Treasurer and/or CFO and Spec Ed Coordinator reviews budgets, activities and reporting with Elkhart County Special Education Cooperative before the expenses and reports are submitted and in a timely manner. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our oversight systems were established in June 2018.

FINDING 2016-010 – TITLE I GRANTS – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

Federal Program: Title I Grants

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Dana Ferman

Contact Phone Number: 574-875-5161

Status of Audit Finding:

Concord Community Schools now has required internal controls in place by hiring a Grant Coordinator to oversee all grant activities, budgets, and costs along with the Corporation Treasurer and/or Accounting Supervisor or CFO. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our internal controls were revised in June 2018.

FINDING 2016-011 – ENGLISH LANGUAGE ACQUISITION STATE GRANTS – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Fiscal year in which the finding initially occurred: 2014-2016

Federal Agency: Department of Education

Federal Program: English Language Acquisition State Grants

Contact Person Responsible for Corrective Action: Becky Smith/Susan Oakley/Dana Ferman

Contact Phone Number: 574-875-5161

Status of Audit Finding:

Concord Community Schools now has required internal controls in place by hiring a Grant Coordinator to oversee all grant activities, budgets, and costs along with the Corporation Treasurer and/or Accounting Supervisor or CFO. After these findings were communicated from the State Board of Accounts at the completion of our audit last audit in May 2018, our internal controls were revised in June 2018.



(Signature)



(Title)



(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Subject: Financial Transactions and Reporting

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: Due to the fact the last audit for 7/1/14-6/30/16 was not completed until May/June 2018 by the State Board of Accounts, we were unable to correct this repeat finding within this audit period of 7/1/16-6/30/18. We concur with the finding.

Description of Corrective Action Plan:

An internal monitoring system for controls has been established in May/June 2018 whereby more than one employee oversees and approves Journal Entries, Payroll Disbursement Process, Self-Insurance Fund Transactions, and Receipts.

Journal Entries:

The Corporation Treasurer initiates journal entries. Chief Financial Officer approves journal entries by initialing paperwork. Corporation Treasurer then enters journal entry into financial system. Month end financial reports that include these results are created by Corporation Treasurer, then approved by Chief Financial Officer, then approved by School Board.

Self-Insurance Fund Transactions:

The self-insurance fund has been established in the new financial software instead of being maintained on an excel spreadsheet. The employee and employer transactions are automatically generated from the payroll processing. Accounts Payable then processes the claims. Third party insurance payments are posted through the journal entry process. Month end reconciliation will be completed by the Corporation Treasurer and/or Accounting Supervisor and approved by the Chief Financial Officer. Then the Claims are approved by the School Board. This new fund is also included on the month end financial reports created by Corporation Treasurer, approved by Chief Financial Officer, then approved by School Board.

Prepaid School Lunch Fund:

Transfers to the lunch account are now being recorded as a disbursement by the Accounting Supervisor and approved by the Corporation Treasurer and/or Chief Financial Officer instead of as a negative receipt.

Payroll Disbursement Process:

Payroll Coordinator initiates the processing of payroll. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable then processes the claims. Then the Payroll Summary Report and claims are approved by School Board.

Anticipated Completion Date: Immediately

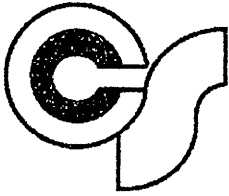


(Signature)
Corporation Treasurer

(Title)

05/28/19

(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-002

Subject: Preparation of the Schedule of Expenditure of Federal Awards

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

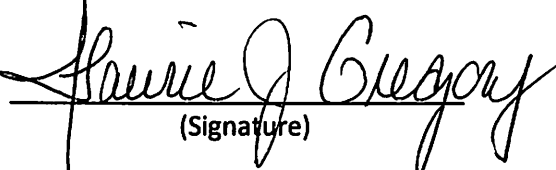
SEFA

We were informed that receipts that are received first by our Cooperative and then forwarded to our school corporation must be entered in the date period the cooperative received the funds.

An internal monitoring system has been established whereby more than one employee oversees and approves the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which is a financial reporting system used to compile the School Corporation's SEFA.

This will be prepared, reviewed, and approved by the Corporation Treasurer, Accounting Supervisor, and/or Chief Financial Officer prior to submission.

Anticipated Completion Date: Immediately



(Signature)

Corporation Treasurer

(Title)

05/28/19

(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-003

Subject: Child Nutrition Cluster – Internal Controls

CFDA Number: 10.553, 10.555

Federal Award Number and Year: FY 2016-2017, FY 2017-2018

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: Due to the fact the last audit for 7/1/14-6/30/16 was not completed until May/June 2018 by the State Board of Accounts, we were unable to correct this repeat finding within this audit period of 7/1/16-6/30/18.

We concur with the finding.

Description of Corrective Action Plan:

Internal Controls

Cash Management

The school corporation checked the cash balance each month to ensure the cash balance was within the three-month expenditure average guideline. However, the school corporation did not have physical sign-off proof of doing this control. The school corporation will create an acknowledgement on the future monthly financials that go to the School Board.

Eligibility

Controls will be put in place to ensure that the income guidelines used to determine eligibility by the software application are accurate after each annual update.

Equipment

Policies and procedures will be put in place to ensure that proper equipment purchasing records are maintained in accordance with 2 CFR 200.313.

Reporting

Annual Financial Reports and the School Food Authority (SFA) Verification Collection Reports will be prepared and reviewed by the Director of Food Services and another designated employee and then approved by the Corporation Treasurer and/or Chief Financial Officer.

Special Tests and Provisions

Eligibility verifications and paid lunch equity calculation will be prepared and reviewed by the Director of Food Services and another designated employee.

Anticipated Completion Date: Immediately

(Signature)

Corporation Treasurer

(Title)

05/28/19

(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-004

Subject: Child Nutrition Cluster – Activities Allowed or Unallowed, Allowable Costs/Cost Principles

CFDA Number: 10.553, 10.555

Federal Award Number and Year: FY 2016-2017, FY 2017-2018

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: Due to the fact the last audit for 7/1/14-6/30/16 was not completed until May/June 2018 by the State Board of Accounts, we were unable to correct this repeat finding within this audit period of 7/1/16-6/30/18. We concur with the finding.

Description of Corrective Action Plan:

Segregation of Duties and Controls

A Food Service designated employee will approve payroll disbursements. Then will send to Payroll Coordinator to initiate the processing of payroll. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable will process the claims. Then the Payroll Summary Report and claims are approved by School Board.

A Food Service designated employee will approve vendor disbursements. Then will send to Corporation Treasurer and/or Chief Financial Officer for approval. After approval, Accounts Payable will process the claims. Then the claims are approved by School Board.

Internal Controls

The Food Service Director will obtain prior approval from the Indiana Department of Education for equipment and remodel projects in order to be an allowable use of the grant funds.

Quotes and/or bids will be obtained from vendors by a designated employee for items over the Federal guideline threshold as required.

Anticipated Completion Date: Immediately



(Signature)

Corporation Treasurer

(Title)

05/28/19

(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-005

Subject: Child Nutrition Cluster - Procurement

CFDA Number: 10.553, 10.555

Federal Award Number and Year: FY 2016-2017, FY 2017-2018

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: Due to the fact the last audit for 7/1/14-6/30/16 was not completed until May/June 2018 by the State Board of Accounts, we were unable to correct this repeat finding within this audit period of 7/1/16-6/30/18. We concur with the finding.

Description of Corrective Action Plan:

Internal Controls

The Food Service Director will obtain prior approval from the Indiana Department of Education for equipment and remodel projects in order to be an allowable use of the grant funds.

Quotes and/or bids will be obtained from vendors by a designated employee for items over the Federal guideline threshold as required.

Anticipated Completion Date: Immediately



(Signature)

Corporation Treasurer

(Title)

05/28/19

(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-006

Subject: Special Education Cluster (IDEA) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles
CFDA Number: 84.027

Federal Award Number and Year: 14216-016-PN01, 14217-016-PN01, 18611-014-PN01

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: Due to the fact the last audit for 7/1/14-6/30/16 was not completed until May/June 2018 by the State Board of Accounts, we were unable to correct this repeat finding within this audit period of 7/1/16-6/30/18. We concur with the finding.

Description of Corrective Action Plan:

Segregation of Duties and Controls

A Special Education designated employee will approve payroll disbursements. Then will send to Payroll Coordinator to initiate the processing of payroll. Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable will process the claims. Then the Payroll Summary Report and claims are approved by School Board.

Matching, Level of Effort, Earmarking

An internal monitoring system for controls has been established whereby more than one employee will oversee and approve the maintenance of effort reporting.

Anticipated Completion Date: Immediately

(Signature)

Corporation Treasurer

(Title)

05/28/19

(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-007

Subject: Special Education Cluster (IDEA) – Reporting

CFDA#: 84.027

Federal Award Number and Year: 14216-016-PN01, 14217-016-PN01, 18611-014-PN01

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: Due to the fact the last audit for 7/1/14-6/30/16 was not completed until May/June 2018 by the State Board of Accounts, we were unable to correct this repeat finding within this audit period of 7/1/16-6/30/18. We concur with the finding.

Description of Corrective Action Plan:

Our school corporation completed certain reports and forwarded on to the Elkhart County Special Education Cooperative to file together with all member schools.

In the future, we will request the final reports from The Elkhart County Special Education Cooperative that are required to be filed by the Cooperative and keep on file for our audit records.

Anticipated Completion Date: Immediately

A handwritten signature in cursive script that reads "Laurie Gregory".

(Signature)

Corporation Treasurer

(Title)

05/28/19

(Date)



Concord Community Schools

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CORRECTIVE ACTION PLAN

FINDING 2018-008

Subject: Title I Grants to Local Educational Agencies – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Special Tests and Provisions – Annual Report Card, High School Graduation Rate

CFDA#: 84.010

Federal Award Number and Year: 16-2270, 17-2270, 18-2270

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

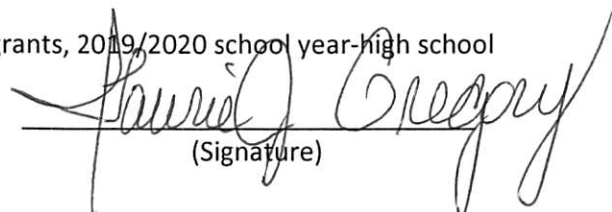
Segregation of Duties and Controls

The Grant Coordinator will approve all payroll distributions and vendor claims. Then buildings will send approved disbursements to Payroll Coordinator and/or Deputy Treasurer to initiate the processing of payroll or claims. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable will process the claims. Then the Payroll Summary Report and claims are approved by School Board.

Special Test and Provisions – Annual Report Card – High School Graduation Rate

An additional designated employee will be identified to ensure that documentation regarding the reason for a student leaving the high school cohort graduation rate for mobility reasons is prepared, reviewed, and retained as required.

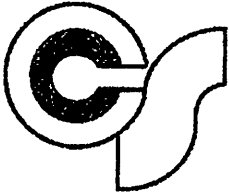
Anticipated Completion Date: immediately-grants, 2019/2020 school year-high school



(Signature)

Corporation Treasurer
(Title)

05/28/19
(Date)



Concord Community Schools

59040 Minuteman Way * Elkhart, IN 46517-3499 * 574-875-5161 * Fax:574-875-8762
Web:www.concord.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2018-009

Subject: Title I Grants to Local Educational Agencies – Procurement and Suspension and Debarment
CFDA#: 84.010

Federal Award Number and Year: 16-2270, 17-2270, 18-2270

Contact Person: Laurie Gregory, Corporation Treasurer

Contact Person Information: lgregory@concord.k12.in.us

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

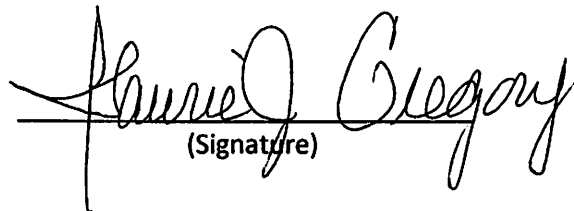
Segregation of Duties and Controls

The Grant Coordinator will approve all payroll distributions and vendor claims. Then buildings will send approved disbursements to Payroll Coordinator and/or Deputy Treasurer to initiate the processing of payroll or claims. Accounting Supervisor and/or Corporation Treasurer approves time & attendance reconciliations, distribution report, payroll summary report and claims. Accounts Payable will process the claims. Then the Payroll Summary Report and claims are approved by School Board.

Procurement

Quotes and/or bids will be obtained from vendors by a designated employee for items over the Federal guideline threshold as required.

Anticipated Completion Date: immediately



(Signature)

Corporation Treasurer

(Title)

05/28/19

(Date)

OTHER REPORTS

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