

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
WAYNE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
06/27/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement .....	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-25
Schedule of Payables and Receivables .....	27
Schedule of Leases and Debt .....	28
Schedule of Capital Assets.....	29
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	32-34
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	37
Notes to Schedule of Expenditures of Federal Awards .....	38
Schedule of Findings and Questioned Costs .....	39-43
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	46
Corrective Action Plan .....	47-49
Other Reports.....	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tyna M. Stover	01-01-16 to 12-31-19
Superintendent of Schools	Philip S. Stevenson	07-01-16 to 06-30-20
President of the School Board	Bradley J. Lambright Mark Baldwin Bradley J. Lambright	01-01-14 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CENTERVILLE-ABINGTON COMMUNITY  
SCHOOLS, WAYNE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Centerville-Abington 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 29, 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 29, 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 CENTERVILLE-ABINGTON COMMUNITY  
SCHOOLS, WAYNE 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 Centerville-Abington 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 29, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

**Compliance and Other Matters**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

May 29, 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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CENTERVILLE-ABINGTON 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	\$ 637,598	\$ 10,894,490	\$ 11,087,914	\$ 3,811	\$ 447,985	\$ 11,296,798	\$ 11,219,254	\$ 7,185	\$ 532,714
Debt Service	771,342	2,107,041	1,891,926	(189,693)	796,764	2,063,721	2,078,207	-	782,278
Retirement/Severance Bond Debt Service	19,284	165,827	155,360	(12,046)	17,705	166,141	158,170	-	25,676
Capital Projects	772,904	718,368	722,471	85,292	854,093	660,468	744,511	-	770,050
School Transportation	772,789	817,457	714,118	100,378	976,506	793,441	798,149	-	971,798
School Bus Replacement	126,712	115,590	157,190	16,069	101,181	182,926	152,670	-	131,437
Rainy Day	813,984	61,658	-	-	875,642	120,870	94,223	-	902,289
G.O. Bonds 2014 Construction	192,138	-	-	-	192,138	-	145,504	-	46,634
RH Elem 2015 Construction Project	(279)	600	321	-	-	-	-	-	-
School Lunch	217,284	700,453	705,863	-	211,874	711,617	715,648	-	207,843
Textbook Rental	656	206,602	236,179	-	(28,921)	242,481	143,116	-	70,444
Levy Excess	1,001	-	-	-	1,001	-	-	-	1,001
Educational License Plates	729	112	-	-	841	56	356	-	541
Alternative Education	-	2,625	2,625	-	-	6,527	-	-	6,527
Lilly Grant	-	30,000	13,274	-	16,726	-	16,726	-	-
Gifts & Donations	623	-	615	-	8	2,000	1,180	-	828
Formative Assessment	18,986	20,402	39,388	-	-	20,851	20,851	-	-
Gifted & Talented 17-18	-	-	-	-	-	33,304	27,438	-	5,866
15-16 High Ability	4,263	-	4,263	-	-	-	-	-	-
Gifted & Talented 16-17	-	33,171	24,741	-	8,430	-	8,430	-	-
Computer Consortium/Ed Tech Advance	(17,357)	409,454	383,958	-	8,139	349,117	357,096	-	160
Non-English Speaking Programs	897	-	-	-	897	-	-	-	897
School Technology	5,953	16,276	16,005	-	6,224	16,331	15,282	-	7,273
Career and Technical Performance Grant	-	12,155	7,944	-	4,211	11,000	4,899	-	10,312
15-16 Title I	(5,081)	65,935	60,854	-	-	-	-	-	-
16-17 Title I	-	299,903	293,656	-	6,247	-	51,072	44,825	-
17-18 Title I	-	-	-	-	-	223,752	279,609	54,820	(1,037)
IDEA	(46,787)	65,728	18,941	-	-	-	-	-	-
16-17 Spec Ed Part B	-	258,446	315,823	-	(57,377)	74,610	17,233	-	-
17-18 Spec Ed Part B	-	-	-	-	-	222,054	286,825	-	(64,771)
16-17 Preschool Spec Ed	-	13,352	13,352	-	-	-	-	-	-
17-18 Preschool Spec Ed	-	-	-	-	-	13,157	13,157	-	-
Drug Free Schools	-	-	-	-	-	-	13,100	-	(13,100)
Medicaid Reimbursement - Federal	4,487	13,029	6,059	(3,811)	7,646	30,054	13,360	(7,185)	17,155
Other Federal Programs	-	108,094	108,094	-	-	353,669	310,806	-	42,863
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	99,645	-	(99,645)	-
Payroll Withholding Corp	13,726	2,730,810	2,731,844	-	12,692	2,722,078	2,724,981	-	9,789
Payroll Withholding Café and Other Clearing Funds	(174)	378,120	371,005	-	6,941	383,816	382,583	-	8,174
Totals	\$ 4,305,678	\$ 20,245,698	\$ 20,083,783	\$ -	\$ 4,467,593	\$ 20,800,484	\$ 20,794,436	\$ -	\$ 4,473,641

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

CENTERVILLE-ABINGTON 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.

CENTERVILLE-ABINGTON 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.

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

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

*E. Disbursements*

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

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

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*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

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

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

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Centerville-Abington Elementary Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during fiscal years 2016-2017 and 2017-2018 totaled \$240,000 and \$467,500, respectively.

#### OTHER INFORMATION - UNAUDITED

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

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

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

CENTERVILLE-ABINGTON 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	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	G.O. Bonds 2014 Construction	RH Elem 2015 Construction Project	School Lunch
Cash and investments - beginning	\$ 637,598	\$ 771,342	\$ 19,284	\$ 772,904	\$ 772,789	\$ 126,712	\$ 813,984	\$ 192,138	\$ (279)	\$ 217,284
Receipts:										
Local sources	181,868	2,107,041	165,827	717,371	817,457	115,590	61,658	-	600	344,690
Intermediate sources	32	-	-	-	-	-	-	-	-	-
State sources	10,712,590	-	-	-	-	-	-	-	-	8,762
Federal sources	-	-	-	-	-	-	-	-	-	347,001
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	997	-	-	-	-	-	-
Total receipts	10,894,490	2,107,041	165,827	718,368	817,457	115,590	61,658	-	600	700,453
Disbursements:										
Instruction	7,306,842	-	-	-	-	-	-	-	-	-
Support services	3,409,031	-	-	554,154	714,118	157,190	-	-	-	6,373
Noninstructional services	372,041	-	-	-	-	-	-	-	-	699,490
Facilities acquisition and construction	-	-	-	168,317	-	-	-	-	321	-
Debt service	-	1,891,926	155,360	-	-	-	-	-	-	-
Total disbursements	11,087,914	1,891,926	155,360	722,471	714,118	157,190	-	-	321	705,863
Excess (deficiency) of receipts over (under) disbursements	(193,424)	215,115	10,467	(4,103)	103,339	(41,600)	61,658	-	279	(5,410)
Other financing sources (uses):										
Transfers in	3,811	-	-	85,292	100,378	16,069	-	-	-	-
Transfers out	-	(189,693)	(12,046)	-	-	-	-	-	-	-
Total other financing sources (uses)	3,811	(189,693)	(12,046)	85,292	100,378	16,069	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(189,613)	25,422	(1,579)	81,189	203,717	(25,531)	61,658	-	279	(5,410)
Cash and investments - ending	\$ 447,985	\$ 796,764	\$ 17,705	\$ 854,093	\$ 976,506	\$ 101,181	\$ 875,642	\$ 192,138	\$ -	\$ 211,874

CENTERVILLE-ABINGTON 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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Lilly Grant	Gifts & Donations	Formative Assessment	Gifted & Talented 17-18	15-16 High Ability	Gifted & Talented 16-17
Cash and investments - beginning	\$ 656	\$ 1,001	\$ 729	\$ -	\$ -	\$ 623	\$ 18,986	\$ -	\$ 4,263	\$ -
Receipts:										
Local sources	152,978	-	-	-	30,000	-	-	-	-	-
Intermediate sources	-	-	112	-	-	-	-	-	-	-
State sources	53,624	-	-	2,625	-	-	20,402	-	-	33,171
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	206,602	-	112	2,625	30,000	-	20,402	-	-	33,171
Disbursements:										
Instruction	-	-	-	2,625	13,274	-	-	-	4,263	24,741
Support services	236,179	-	-	-	-	615	39,388	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Total disbursements	236,179	-	-	2,625	13,274	615	39,388	-	4,263	24,741
Excess (deficiency) of receipts over (under) disbursements	(29,577)	-	112	-	16,726	(615)	(18,986)	-	(4,263)	8,430
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(29,577)	-	112	-	16,726	(615)	(18,986)	-	(4,263)	8,430
Cash and investments - ending	\$ (28,921)	\$ 1,001	\$ 841	\$ -	\$ 16,726	\$ 8	\$ -	\$ -	\$ -	\$ 8,430

CENTERVILLE-ABINGTON 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

	Computer Consortium/ Ed Tech Advance	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	15-16 Title I	16-17 Title I	17-18 Title I	IDEA	16-17 Spec Ed Part B	17-18 Spec Ed Part B
Cash and investments - beginning	\$ (17,357)	\$ 897	\$ 5,953	\$ -	\$ (5,081)	\$ -	\$ -	\$ (46,787)	\$ -	\$ -
Receipts:										
Local sources	35,163	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	262,226	-	16,276	12,155	-	-	-	-	-	-
Federal sources	-	-	-	-	65,935	299,903	-	65,728	258,446	-
Temporary loans	112,065	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	409,454	-	16,276	12,155	65,935	299,903	-	65,728	258,446	-
Disbursements:										
Instruction	-	-	-	7,944	42,179	289,224	-	18,941	291,973	-
Support services	383,958	-	16,005	-	-	3,782	-	-	23,850	-
Noninstructional services	-	-	-	-	18,675	650	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Total disbursements	383,958	-	16,005	7,944	60,854	293,656	-	18,941	315,823	-
Excess (deficiency) of receipts over (under) disbursements	25,496	-	271	4,211	5,081	6,247	-	46,787	(57,377)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	25,496	-	271	4,211	5,081	6,247	-	46,787	(57,377)	-
Cash and investments - ending	\$ 8,139	\$ 897	\$ 6,224	\$ 4,211	\$ -	\$ 6,247	\$ -	\$ -	\$ (57,377)	\$ -

CENTERVILLE-ABINGTON 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

	16-17 Preschool Spec Ed	17-18 Preschool Spec Ed	Drug Free Schools	Medicaid Reimbursement - Federal	Other Federal Programs	Improving Teacher Quality, No Child Left, Title II, Part A	Payroll Withholding Corp	Payroll Withholding Café and Other Clearing Funds	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 4,487	\$ -	\$ -	\$ 13,726	\$ (174)	\$ 4,305,678
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,730,243
Intermediate sources	-	-	-	-	-	-	-	-	144
State sources	-	-	-	-	-	-	-	-	11,121,831
Federal sources	13,352	-	-	13,029	108,094	-	-	-	1,171,488
Temporary loans	-	-	-	-	-	-	-	-	112,065
Other receipts	-	-	-	-	-	-	2,730,810	378,120	3,109,927
Total receipts	13,352	-	-	13,029	108,094	-	2,730,810	378,120	20,245,698
Disbursements:									
Instruction	13,352	-	-	5,528	108,094	-	2,731,844	371,005	11,231,829
Support services	-	-	-	531	-	-	-	-	5,545,174
Noninstructional services	-	-	-	-	-	-	-	-	1,090,856
Facilities acquisition and construction	-	-	-	-	-	-	-	-	168,638
Debt service	-	-	-	-	-	-	-	-	2,047,286
Total disbursements	13,352	-	-	6,059	108,094	-	2,731,844	371,005	20,083,783
Excess (deficiency) of receipts over (under) disbursements	-	-	-	6,970	-	-	(1,034)	7,115	161,915
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	205,550
Transfers out	-	-	-	(3,811)	-	-	-	-	(205,550)
Total other financing sources (uses)	-	-	-	(3,811)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	-	-	3,159	-	-	(1,034)	7,115	161,915
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 7,646	\$ -	\$ -	\$ 12,692	\$ 6,941	\$ 4,467,593

CENTERVILLE-ABINGTON 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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	G.O. Bonds 2014 Construction	RH Elem 2015 Construction Project	School Lunch
Cash and investments - beginning	\$ 447,985	\$ 796,764	\$ 17,705	\$ 854,093	\$ 976,506	\$ 101,181	\$ 875,642	\$ 192,138	\$ -	\$ 211,874
Receipts:										
Local sources	187,304	2,063,721	166,141	660,468	793,441	182,926	120,870	-	-	327,024
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	11,109,494	-	-	-	-	-	-	-	-	8,579
Federal sources	-	-	-	-	-	-	-	-	-	376,014
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	11,296,798	2,063,721	166,141	660,468	793,441	182,926	120,870	-	-	711,617
Disbursements:										
Instruction	7,366,149	-	-	-	-	-	-	-	-	-
Support services	3,461,551	-	-	584,208	798,149	152,670	94,223	-	-	902
Noninstructional services	391,554	-	-	-	-	-	-	-	-	714,746
Facilities acquisition and construction	-	-	-	160,303	-	-	-	145,504	-	-
Debt service	-	2,078,207	158,170	-	-	-	-	-	-	-
Total disbursements	11,219,254	2,078,207	158,170	744,511	798,149	152,670	94,223	145,504	-	715,648
Excess (deficiency) of receipts over (under) disbursements	77,544	(14,486)	7,971	(84,043)	(4,708)	30,256	26,647	(145,504)	-	(4,031)
Other financing sources (uses):										
Transfers in	7,185	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,185	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	84,729	(14,486)	7,971	(84,043)	(4,708)	30,256	26,647	(145,504)	-	(4,031)
Cash and investments - ending	\$ 532,714	\$ 782,278	\$ 25,676	\$ 770,050	\$ 971,798	\$ 131,437	\$ 902,289	\$ 46,634	\$ -	\$ 207,843

CENTERVILLE-ABINGTON 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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Lilly Grant	Gifts & Donations	Formative Assessment	Gifted & Talented 17-18	15-16 High Ability	Gifted & Talented 16-17
Cash and investments - beginning	\$ (28,921)	\$ 1,001	\$ 841	\$ -	\$ 16,726	\$ 8	\$ -	\$ -	\$ -	\$ 8,430
Receipts:										
Local sources	188,575	-	-	-	-	2,000	-	-	-	-
Intermediate sources	-	-	56	-	-	-	-	-	-	-
State sources	53,906	-	-	6,527	-	-	20,851	33,304	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	242,481	-	56	6,527	-	2,000	20,851	33,304	-	-
Disbursements:										
Instruction	-	-	356	-	16,726	-	-	27,438	-	8,430
Support services	143,116	-	-	-	-	1,180	20,851	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Total disbursements	143,116	-	356	-	16,726	1,180	20,851	27,438	-	8,430
Excess (deficiency) of receipts over (under) disbursements	99,365	-	(300)	6,527	(16,726)	820	-	5,866	-	(8,430)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	99,365	-	(300)	6,527	(16,726)	820	-	5,866	-	(8,430)
Cash and investments - ending	\$ 70,444	\$ 1,001	\$ 541	\$ 6,527	\$ -	\$ 828	\$ -	\$ 5,866	\$ -	\$ -

CENTERVILLE-ABINGTON 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

	Computer Consortium/ Ed Tech Advance	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	15-16 Title I	16-17 Title I	17-18 Title I	IDEA	16-17 Spec Ed Part B	17-18 Spec Ed Part B
Cash and investments - beginning	\$ 8,139	\$ 897	\$ 6,224	\$ 4,211	\$ -	\$ 6,247	\$ -	\$ -	\$ (57,377)	\$ -
Receipts:										
Local sources	28,225	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	149,515	-	16,331	11,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	223,752	-	74,610	222,054
Temporary loans	171,377	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	349,117	-	16,331	11,000	-	-	223,752	-	74,610	222,054
Disbursements:										
Instruction	-	-	-	4,899	-	31,072	272,545	-	16,733	265,401
Support services	357,096	-	15,282	-	-	-	6,739	-	500	21,424
Noninstructional services	-	-	-	-	-	20,000	325	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Total disbursements	357,096	-	15,282	4,899	-	51,072	279,609	-	17,233	286,825
Excess (deficiency) of receipts over (under) disbursements	(7,979)	-	1,049	6,101	-	(51,072)	(55,857)	-	57,377	(64,771)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	44,825	54,820	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	44,825	54,820	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(7,979)	-	1,049	6,101	-	(6,247)	(1,037)	-	57,377	(64,771)
Cash and investments - ending	\$ 160	\$ 897	\$ 7,273	\$ 10,312	\$ -	\$ -	\$ (1,037)	\$ -	\$ -	\$ (64,771)

CENTERVILLE-ABINGTON 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

	16-17 Preschool Spec Ed	17-18 Preschool Spec Ed	Drug Free Schools	Medicaid Reimbursement - Federal	Other Federal Programs	Improving Teacher Quality, No Child Left, Title II, Part A	Payroll Withholding Corp	Payroll Withholding Café and Other Clearing Funds	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 7,646	\$ -	\$ -	\$ 12,692	\$ 6,941	\$ 4,467,593
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,720,695
Intermediate sources	-	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	-	11,409,507
Federal sources	-	13,157	-	30,054	353,669	99,645	-	-	1,392,955
Temporary loans	-	-	-	-	-	-	-	-	171,377
Other receipts	-	-	-	-	-	-	2,722,078	383,816	3,105,894
Total receipts	-	13,157	-	30,054	353,669	99,645	2,722,078	383,816	20,800,484
Disbursements:									
Instruction	-	13,157	13,100	6,645	310,806	-	2,724,981	382,583	11,461,021
Support services	-	-	-	6,715	-	-	-	-	5,664,606
Noninstructional services	-	-	-	-	-	-	-	-	1,126,625
Facilities acquisition and construction	-	-	-	-	-	-	-	-	305,807
Debt service	-	-	-	-	-	-	-	-	2,236,377
Total disbursements	-	13,157	13,100	13,360	310,806	-	2,724,981	382,583	20,794,436
Excess (deficiency) of receipts over (under) disbursements	-	-	(13,100)	16,694	42,863	99,645	(2,903)	1,233	6,048
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	106,830
Transfers out	-	-	-	(7,185)	-	(99,645)	-	-	(106,830)
Total other financing sources (uses)	-	-	-	(7,185)	-	(99,645)	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	-	-	(13,100)	9,509	42,863	-	(2,903)	1,233	6,048
Cash and investments - ending	\$ -	\$ -	\$ (13,100)	\$ 17,155	\$ 42,863	\$ -	\$ 9,789	\$ 8,174	\$ 4,473,641

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CENTERVILLE-ABINGTON 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>\$ 490,745</u>	<u>\$ -</u>

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
CrossRoads Bank	Lease Purchase of Equipment	\$ 29,705	02/05/14	08/05/18
Centerville-Abington Elementary Building Corporation	Holding Company - Construction at Rose Hamilton Elementary	154,500	01/15/16	01/15/35
Building Corporation	Lease Purchase of 1:1 Student Laptops	72,009	07/01/17	07/15/21
Wayne Bank & Trust Co	HELP Lease Purchase of Equipment	<u>30,452</u>	08/30/18	08/15/23
Total governmental activities		<u>286,666</u>		
Total of annual lease payments		<u>\$ 286,666</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds	\$ 585,000	\$ 150,469
General obligation bonds	Retirement/Severance Bonds	220,000	76,198
Notes and loans payable	Technology & Construction Common School Loans	<u>7,095,124</u>	<u>1,368,524</u>
Total governmental activities		<u>7,900,124</u>	<u>1,595,191</u>
Totals		<u>\$ 7,900,124</u>	<u>\$ 1,595,191</u>

CENTERVILLE-ABINGTON 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	\$ 267,309
Buildings	22,429,781
Improvements other than buildings	1,495,546
Machinery, equipment, and vehicles	<u>3,623,298</u>
Total governmental activities	<u>27,815,934</u>
Total capital assets	<u>\$ 27,815,934</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 CENTERVILLE-ABINGTON COMMUNITY  
SCHOOLS, WAYNE COUNTY, INDIANA

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

We have audited the Centerville-Abington 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.

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

***Opinion on Each Major Federal Program***

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 major federal programs 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 2018-002. 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.


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

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

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

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 29, 2019

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

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

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CENTERVILLE-ABINGTON 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
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast 16-17			FY 2016/2017	\$ -	\$ 65,641	\$ -	\$ -
School Breakfast 17-18			FY 2017/2018	-	-	-	64,508
Total - School Breakfast Program				-	65,641	-	64,508
National School Lunch Program							
School Lunch Fund 16-17	Indiana Department of Education	10.555					
School Lunch Fund 17-18			FY 2016/2017	-	318,029	-	-
School Commodities 16-17			FY 2017/2018	-	-	-	311,506
School Commodities 17-18			FY 2016/2017	-	61,367	-	-
School Commodities 17-18			FY 2017/2018	-	-	-	66,888
Total - National School Lunch Program				-	379,396	-	378,394
Total - Child Nutrition Cluster				-	445,037	-	442,902
Total - Department of Agriculture				-	445,037	-	442,902
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14216-065-PN01	-	65,729	-	-
			14217-065-PN01	-	252,914	-	143,902
			18611-065-PN01	-	-	-	276,080
Total - Special Education Grants to States				-	318,643	-	419,982
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45717-065-PN01	-	13,352	-	-
			18619-065-PN01	-	-	-	13,157
Total - Special Education Preschool Grants				-	13,352	-	13,157
Total - Special Education Cluster (IDEA)				-	331,995	-	433,139
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 15-16			16-8360	-	65,935	-	-
Title I 16-17			17-8360	-	299,903	-	-
Title I 17-18			18-8360	-	-	-	323,397
Total - Title I Grants to Local Educational Agencies				-	365,838	-	323,397
Total - Department of Education				-	697,833	-	756,536
Total federal awards expended				\$ -	\$ 1,142,870	\$ -	\$ 1,199,438

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

CENTERVILLE-ABINGTON 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 Centerville Fayette Special Services Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

CENTERVILLE-ABINGTON 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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

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

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

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

**Section II - Financial Statement Findings**

No matters are reportable.

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

**FINDING 2018-001**

Subject: Child Nutrition Cluster - Internal Controls  
 Federal Agency: Department of Agriculture  
 Federal Programs: School Breakfast Program, National School Lunch Program  
 CFDA Numbers: 10.553, 10.555  
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016/2017, FY 2017/2018  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirements Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions - Paid Lunch Equity  
 Audit Finding: Material Weakness

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Cash Management*

The School Corporation had not established controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no documentation of a monitoring process over the School Lunch fund cash balances (net cash resources).

*Eligibility*

The School Corporation had not designed internal controls to ensure that eligibility determinations entered into the School Corporation's lunch software was correct. One employee enters all of the direct certifications into the School Corporation's lunch software. An oversight, review, or approval process had not been established.

*Program Income*

The School Corporation had not designed internal controls to ensure that financial activity derived from student meals were properly recorded in the School Lunch fund. One employee prepared the monthly transfer from the Prepaid Lunch fund to the School Lunch fund and posted the receipt of the monthly program income into the School Lunch fund. An oversight, review, or approval process had not been established.

*Reporting*

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the Reporting compliance requirements. One employee was responsible for preparing and submitting the Annual Financial Report, Sponsor Claims (claim for reimbursement), and Verification Summary report. An oversight, review, or approval process had not been established.

*Special Tests and Provisions - Paid Lunch Equity*

The School Corporation had not designed or implemented adequate internal controls to ensure the accuracy of the paid lunch equity calculation. One employee performed the paid lunch equity calculations using the online calculator tool without evidence of an oversight, review, or approval process.

*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:

CENTERVILLE-ABINGTON 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*

The School Corporation's management had not implemented an adequate system of internal controls that would have ensured compliance with the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. 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 to ensure compliance with the grant agreement and the Cash Management, Eligibility, Program Income, Reporting, and Special Test and Provisions - Paid Lunch Equity compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2018-002**

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

*Condition*

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Suspension and Debarment*

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. The School Corporation did not perform procedures to verify that three vendors that received at least \$25,000 during both fiscal years were not suspended or debarred.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

You do this by:

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

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

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

*Views of Responsible Officials*

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

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#### AUDITEE-PREPARED DOCUMENTS

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

# CENTERVILLE-ABINGTON COMMUNITY SCHOOLS



115 West South St., Centerville, Indiana 47330  
Phone: (765) 855-3475 Fax: (765) 855-2524

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-001**

Fiscal year in which the finding initially occurred: 2014, 2015, 2016

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

Contact Person Responsible for Corrective Action: Tyna Stover, Treasurer & Philip Stevenson, Superintendent

Contact Phone Number: 765-855-3475

Status of Audit Finding:

Description of Corrective Action Plan:

The Treasurer contacted State Board of Accounts for clarification on the correct completion of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA was completed by the Treasurer and reviewed by the Superintendent.

Anticipated Completion Date: This was completed after the previous audit and is an ongoing corrective action plan. The SEFA is a document completed each year.

Signature Tyna M. Stover Title Treasurer Date May 20, 2019

Signature Phil S. Stevenson Title Superintendent Date 5/20/2019



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# CENTERVILLE-ABINGTON COMMUNITY SCHOOLS

115 West South St., Centerville, Indiana 47330

Phone: (765) 855-3475 Fax: (765) 855-2524

## CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Mark Campbell

Contact Phone Number: 765-855-3475

Views of Responsible Official- We concur with the finding

Description of Corrective Action Plan

#### Cash Management

The Three Months Average Expenditure calculation will be done per guidance from the Indiana Department of Education. Specifically, the average monthly operating expenses will be divided by the prior year expenses total (as reported on the Annual Financial Report) and multiplied by 3. The Board of Trustees will receive a quarterly lunch fund report. The report will include the three month average expenditures total. The Board of Trustees will vote on approving the report presented for consideration.

#### Eligibility

Once approved by our School Board, our current policy regarding eligibility determination will include internal controls over benefit issuance for all students, including those directly certified and/or receiving no benefits. The new policy will read as follows:

#### **8501 - FOOD SERVICES - MANUAL DETERMINATION OF ELIGIBILITY AND BENEFIT ISSUANCE**

The National School Lunch Program (CFR 210.18(b)(1)) states, "all free, reduced-price, and paid lunches claimed for reimbursement are served only to children for free, reduced-price, and paid lunches, respectively; and counted, recorded, consolidated and reported through a system which consistently yields correct claims".

Centerville-Abington Community Schools uses a Manual Determination of Eligibility. The auditing method for the Manual Determination of Eligibility and Benefit Issuance is described as follows:

#### *Manually Determining Eligibility and Benefit Issuance*

Centerville-Abington Community Schools will implement a second audit of eligibility determination and benefit issuance for all participants in the National School Lunch Program to be conducted on an annual basis. The second audit will be completed by an employee other than the original approver. The auditor will review twenty percent (20%) of all students enrolled in the school corporation to verify accuracy. The auditor will review every 5th student in alphabetical order until the twenty percent (20%) benchmark is reached.

#### Program Income

Dual control/verification of the Advanced Sales Transfer will begin with the April 2019 transfer. The Deputy Treasurer will complete the worksheets and email them to the Food Service Director for approval. The email with the approval will be printed and attached to the monthly reports for the transfer.



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## Reporting

Dual control/verification of the Monthly Claim to DOE will begin with the April 2019 Claim. The Deputy Treasurer will complete the claim and email the Food Service Director for approval. The email with the approval will be printed and attached to the monthly reports for the transfer.

Dual control/verification of the Annual Financial Report (AFR) will begin during school year 2019-2020. The Deputy Treasurer will complete the AFR worksheet on the DOE website and email the Food Service Director for approval. The email with the approval will be printed and attached to the AFR.

Dual control/verification of the Verification Summary Report will begin during school year 2019-2020. The Administrative Assistant will input all data on the DOE website and email the Food Service Director for approval. The email with the approval will be printed and attached to the Verification Summary Report.

## Special Tests and Provisions

Dual control/verification of the Paid Lunch Equity (PLE) tool will begin during school year 2019-2020. The Food Service Director will prepare the PLE tool using the provided DOE spreadsheet. All reports and tool will be sent to the Assistant Superintendent to review for accuracy. The determination for future lunch pricing will be discussed by the Food Service Director and Assistant Superintendent and presented to the School Board.

## Anticipated Completion Date:

April 2019 and the start of school year 2019-2020.

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

Contact Person Responsible for Corrective Action: Mark Campbell

Contact Phone Number: 765-855-3475

Views of Responsible Official- We concur with the finding

Description of Corrective Action Plan

Internal controls for Procurement and Suspension and Debarment of vendors of the National School Lunch Program will be as follows:

Prior to the beginning of the school year, The Food Service Director will compile a list of all vendors to be used by the Food Service Department. The Food Service Director will access the General Services Administration webpage and check for System of Award Management (SAM) exclusions for all vendors on an annual basis. The SAM documents will be printed and attached to the vendor list for the school year. The SAM documents and list will be sent to the Assistant Superintendent for verification.

## Anticipated Completion Date:

April 2019 and the start of school year 2019-2020.



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*W. Campbell*

Signature

*Assistant Superintendent*

Title

*May 23, 2019*

Date

#### OTHER REPORTS

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