

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

FEDERAL COMPLIANCE AUDIT REPORT
OF
LINTON-STOCKTON SCHOOL CORPORATION
GREENE COUNTY, INDIANA
July 1, 2017 to June 30, 2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carla Gambill	07-01-17 to 12-31-20
Superintendent of Schools	Nicholas G. Karazsia Kathy Goad	07-01-17 to 06-30-18 07-01-18 to 06-30-20
President of the School Board	Ralph Witty John Preble	07-01-17 to 12-31-18 01-01-19 to 12-31-20



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 LINTON-STOCKTON SCHOOL
CORPORATION, GREENE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Linton-Stockton School Corporation (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 12, 2020, 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

February 12, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE LINTON-STOCKTON SCHOOL CORPORATION, GREENE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Linton-Stockton School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019. 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; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(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, 2017 to June 30, 2019.

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 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 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.

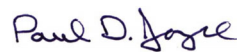
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement. We issued our report thereon dated February 12, 2020, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 as a whole.


Paul D. Joyce, CPA
State Examiner

February 12, 2020

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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.

LINTON-STOCKTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

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 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			2017-2018	\$ -	\$ 38,350	\$ -	\$ -
School Breakfast			2018-2019	-	-	-	39,519
Total - School Breakfast Program				-	38,350	-	39,519
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
School Lunch			2017-2018	-	271,500	-	-
School Lunch			2018-2019	-	-	-	255,869
Commodities				-	43,336	-	42,831
Total - National School Lunch Program				-	314,836	-	298,700
Total - Child Nutrition Cluster				-	353,186	-	338,219
Community Facilities Loans and Grants Cluster							
Community Facilities Loans and Grants	Direct Grant	10.766					
USDA Community Facilities Grant				-	-	-	30,200
Total Community Facilities Loans and Grants Cluster				-	-	-	30,200
Total - Department of Agriculture				-	353,186	-	368,419
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
Special Ed	Indiana Department of Education	84.027	14216-022-PN01	-	16,148	-	-
Special Ed			14217-022-PN01	-	57,693	-	17,493
Special Ed			14218-022-PN01	-	-	-	53,014
Special Ed			18611-022-PN01	-	248,914	-	-
Special Ed			19611-022-PN01	-	-	-	236,261
Total - Special Education Grants to States				-	322,755	-	306,768
Special Education Preschool Grants							
Special Ed	Indiana Department of Education	84.173	18619-022-PN01	-	1,135	-	6,192
Special Ed			19619-022-PN01	-	-	-	1,343
Special Ed			45716-022-PN01	-	1,334	-	-
Special Ed			45717-022-PN01	-	5,329	-	-
Total - Special Education Preschool Grants				-	7,798	-	7,535
Total - Special Education Cluster (IDEA)				-	330,553	-	314,303

LINTON-STOCKTON SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

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 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Title I Grants to Local Educational Agencies							
Title I 17/18	Indiana Department of Education	84.010	S010A170014	-	284,073	-	-
Title I 18/19			S010A180014	-	-	-	307,113
Title I 16/17			S010A150014	-	968	-	-
Total - Title I Grants to Local Educational Agencies				-	285,041	-	307,113
Rural Education							
Rural & Low Income Schools Grant 15/17	Indiana Department of Education	84.358	2015-2017	-	19,117	-	-
Rural & Low Income Schools Grant 16/18			2016-2018	-	33,546	-	30
Rural and Low Income Schools Grant 17/19			S358B170014	-	-	-	27,498
Total - Rural Education				-	52,663	-	27,528
Supporting Effective Instruction State Grants							
Title II 15/17	Indiana Department of Education	84.367	S367A150013	-	29,220	-	-
Title II 16/18			S367A160013	-	50,561	-	21,470
Title II 17/19			S367A170013	-	-	-	40,012
Total - Supporting Effective Instruction State Grants				-	79,781	-	61,482
Student Support and Academic Enrichment Program							
Title IV	Indiana Department of Education	84.424	S424A180015	-	-	-	7,500
Total - Department of Education				-	748,038	-	717,926
Total federal awards expended				\$ -	\$ 1,101,224	\$ -	\$ 1,086,345

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

LINTON-STOCKTON SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. 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, 2018 and 2019. 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.

B. Other 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.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Greene-Sullivan Special Education Cooperative

The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative 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 of the School Corporation.

LINTON-STOCKTON SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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

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

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



Carla Gambill
Director of School Finance

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: FY 2016

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Carla Gambill, Director of School Finance, Linton-Stockton School Corporation, and Kathryn Goad, Superintendent, Linton-Stockton School Corporation

Contact Phone Number: (812) 847-6020

Status of Audit Finding:

Linton-Stockton School Corporation has revised internal controls to require the Director of School Finance to prepare the Schedule of Expenditures of Federal Awards (SEFA) and for the Superintendent to review and approve the SEFA prior to submission.

The corrective action was implemented as defined in the Corrective Action Plan beginning with the FY18 report.

Carla Gambill
Director of School Finance
January 8, 2020



Carla Gambill
Director of School Finance

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

Fiscal year in which the finding initially occurred: FY 2016

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jessica Taylor, Director of Food Service, Carla Gambill, Director of School Finance, Linton-Stockton School Corporation

Contact Phone Number: (812) 847-6020

Status of Audit Finding:

Linton-Stockton School Corporation has revised internal controls to do the following:

1. The Director of School Finance will prepare a monthly report showing the balance in the Food Service Fund as compared to a three-month average of expenditures to be reviewed and approved by the Director of Food Service, Director of School Finance, and the Superintendent.
2. The Director of Food Service will enter all free and reduced applications into the student software system and the Corporation Secretary will review the applications to ensure that the information is entered correctly.
3. The Director of Food Service will prepare the School Food Authority (SFA) Verification Collection Report and provide the report to the Corporation Secretary for review and approval prior to submission.
4. The Director of Food Service will prepare the Paid Lunch Equity calculations and provide that information to the Director of School Finance for review and approval prior to submission.

The corrective action was implemented as defined in the Corrective Action Plan effective December of 2018.

Carla Gambill
Director of School Finance
January 8, 2020



Carla Gambill
Director of School Finance

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-003

Fiscal year in which the finding initially occurred: FY 2016

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jessica Taylor, Director of Food Service, Carla Gambill, Director of School Finance, Linton-Stockton School Corporation

Contact Phone Number: (812) 847-6020

Status of Audit Finding:

Linton-Stockton School Corporation has revised internal controls to provide that all vendors through which purchases are made with federal dollars will undergo a search on the federal website to assure that the vendor is not suspended or debarred. The searches are to be available for inspection by the Director of School Finance and/or Superintendent at all times.

The corrective action was implemented as defined in the Corrective Action Plan as of August of 2017.

Carla Gambill
Director of School Finance
January 8, 2020



Carla Gambill
Director of School Finance

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-004

Fiscal year in which the finding initially occurred: FY 2016

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Claudia Walker, Treasurer, Greene-Sullivan Special Education Cooperative, Sarah Sparks, Director of Special Education, Greene-Sullivan Special Education Cooperative, Carla Gambill, Director of School Finance, Linton-Stockton School Corporation, and Kathryn Goad, Superintendent, Linton-Stockton School Corporation

Contact Phone Number: (812) 847-8497 and (812) 847-6020

Status of Audit Finding:

Greene-Sullivan Special Education Cooperative has revised internal controls to require completion of the Semi-Annual Certification reports in July and December. Those reports are to be approved by the Director of Special Education, Greene-Sullivan Special Education Cooperative, and a copy of the report is to be provided to the Director of School Finance.

The corrective action was implemented as defined in the Corrective Action Plan as of December of 2017.

Carla Gambill
Director of School Finance
January 8, 2020



Carla Gambill
Director of School Finance

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-005

Fiscal year in which the finding initially occurred: FY 2016

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Claudia Walker, Treasurer, Greene-Sullivan Special Education Cooperative, Sarah Sparks, Director of Special Education, Greene-Sullivan Special Education Cooperative, Carla Gambill, Director of School Finance, Linton-Stockton School Corporation, and Kathryn Goad, Superintendent, Linton-Stockton School Corporation

Contact Phone Number: (812) 847-8497 and (812) 847-6020

Status of Audit Finding:

Greene-Sullivan Special Education Cooperative revised internal controls to provide that all vendors through which purchases are made with federal dollars will undergo a search on the federal website to assure that the vendor is not suspended or debarred. The searches are to be available for inspection by the Director of School Finance and/or Superintendent of Linton-Stockton School Corporation at all times.

Greene-Sullivan Special Education Cooperative has adopted a procurement policy.

The corrective action was implemented as defined in the Corrective Action Plan by July of 2017.

Carla Gambill
Director of School Finance
January 8, 2020

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/>.