BIG SPRING SCHOOL DISTRICT

SUPPLEMENTARY AUDIT REPORT
ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	Page Number
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	1 - 2
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Schedule of Expenditures of Federal and State Awards	3 - 5
Schedule of Expenditures of Federal and State Awards	6 - 8
Schedule of Findings and Questioned Costs	9 - 12
Summary Schedule of Prior Audit Findings	13

Greenawalt & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Since 1955

Deborah J. Kelly
Scott J. Christ
Ronald S. Morgan

James E. Lyons
Howard R. Greenawalt

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

Board of School Directors
Big Spring School District
Newville, Pennsylvania

We have audited, in accordance with the 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 statements of the governmental activities, the business-type activities, each major fund, and the fiduciary funds of the Big Spring School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Big Spring School District's basic financial statements, and have issued our report thereon dated November 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Spring School District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Big Spring School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Big Spring School District'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd.)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Big Spring School District's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greenawalt + Company, P.C.
GREENAWALT & COMPANY, P.C.

November 19, 2018

Mechanicsburg, Pennsylvania

Greenawalt & Company, P.C.

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

Board of School Directors
Big Spring School District
Mechanicsburg, Pennsylvania

Report on Compliance For Each Major Federal Program

We have audited the Big Spring School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Big Spring School District's major federal programs for the year ended June 30, 2018. Big Spring School District'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 statues, 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 Big Spring School District'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 Big Spring School District'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 Big Spring School District's compliance.

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

Opinion on Each Major Federal Program

In our opinion, the Big Spring School District 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 year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Big Spring School District 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 Big Spring School District'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 an 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 Big Spring School District'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. and therefore, material weaknesses or significant deficiencies may exist that have not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item #2018-001, that we consider to be a significant deficiency.

Big Spring School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Big Spring School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary funds of the Big Spring School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Big Spring School District's basic financial statements. We issued our report thereon dated November 19, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Greenawalt + Company, P.C.
GREENAWALT & COMPANY, P.C.

November 19, 2018

Mechanicsburg, Pennsylvania

BIG SPRING SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor Program Title	Source Code	Federal CFDA #	Pass Through Grantor's #	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received For Year	Accrued (Unearned) Revenue 7/1/2017	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 6/30/2018	Passed Through to Subrecipients
U.S. Department of Agriculture											
Passed through PA Department of Education											
Child Nutrition Cluster											
School Breakfast Program - Cash Assistance	I(F)	10.553(M)	N/A	7/01/17-6/30/18	N/A	$ 69,017	$ -	$ 80,257	$ 80,257	$ 11,240	$ -
School Breakfast Program - Cash Assistance	I(F)	10.553(M)	N/A	7/01/16-6/30/17	N/A	388	388	-	-	-	-
Total School Breakfast Program						69,405	388	80,257	80,257	11,240	-
National School Lunch Program - Cash Assistance	I(F)	10.555(M)	N/A	7/01/17-6/30/18	N/A	369,935	-	419,254	419,254	49,319	-
National School Lunch Program - Cash Assistance	I(F)	10.555(M)	N/A	7/01/16-6/30/17	N/A	1,226	1,226	-	-	-	-
Passed through PA Department of Agriculture											
National School Lunch Program - Non-Cash Assistance	I(F)	10.555(M)	N/A	7/01/17-6/30/18	N/A	75,304	-	75,304	75,304	-	-
Total National School Lunch Program						446,465	1,226	494,558	494,558	49,319	-
Total Child Nutrition Cluster						515,870	1,614	574,815	574,815	60,559	-
National School Lunch Program - Cash Assistance	I(S)	N/A	N/A	7/01/17-6/30/18	N/A	22,345	-	25,280	25,280	2,935	-
National School Lunch Program - Cash Assistance	I(S)	N/A	N/A	7/01/16-6/30/17	N/A	70	70	-	-	-	-
School Breakfast Program - Cash Assistance	I(S)	N/A	N/A	7/01/17-6/30/18	N/A	3,895	-	4,532	4,532	637	-
School Breakfast Program - Cash Assistance	I(S)	N/A	N/A	7/01/16-6/30/17	N/A	23	23	-	-	-	-
Total U.S. Department of Agriculture						$ 542,203	$ 1,707	$ 604,627	$ 604,627	$ 64,131	$ -
U.S. Department of Education											
Passed through PA Department of Education											
Title I - Grants to Local Educational Agencies	I(F)	84.010	013-180037	7/18/17-9/30/18	$ 496,724	$ 371,806	$ -	$ 428,677	$ 428,677	$ 56,871	$ -
Title I - Grants to Local Educational Agencies	I(F)	84.010	013-170037	7/6/16-9/30/17	423,460	-	97,621	-	-	97,621	-
Total Title I, Part A						371,806	97,621	428,677	428,677	154,492	-
Title II - Improving Teacher Quality - State Grants	I(F)	84.367	020-180037	7/18/17-9/30/18	122,087	94,465	-	94,465	94,465	-	-
Title II - Improving Teacher Quality - State Grants	I(F)	84.367	020-170037	7/6/16-9/30/17	123,845	16,189	16,189	-	-	-	-
Total Title II - Improving Teacher Quality - State Grants						110,654	16,189	94,465	94,465	-	-
Title IV-Student Support and Academic Enrichment	I(F)	84.424	144-180037	7/18/17-9/30/18	10,633	8,506	-	10,633	10,633	2,127	-
Total Title IV - Student Support and Academic Enrichment						8,506	-	10,633	10,633	2,127	-
Total Passed through PA Department of Education						490,966	113,810	533,775	533,775	156,619	-
Passed through Capital Area Intermediate Unit											
Special Education Cluster (IDEA)											
Special Education - Grants to States (IDEA, Part B)	I(F)	84.027A	062-180015	7/01/17-6/30/18	599,962	599,962	-	599,962	599,962	-	-
Special Education - Preschool Grants (IDEA Preschool)	I(F)	84.173	010-180615	7/01/17-6/30/18	1,932	-	-	1,932	1,932	1,932	-
Total Special Education Cluster (IDEA)						599,962	-	601,894	601,894	1,932	-
Total U.S. Department of Education						$ 1,090,928	$ 113,810	$ 1,135,669	$ 1,135,669	$ 158,551	$ -
Total Federal and State Awards						$ 1,633,131	$ 115,517	$ 1,740,296	$ 1,740,296	$ 222,682	$ -
Less: State Awards						$ (26,333)	$ (93)	$ (29,812)	$ (29,812)	$ (3,572)	$ -
Total Federal Awards						$ 1,606,798	$ 115,424	$ 1,710,484	$ 1,710,484	$ 219,110	$ -

Note A - Basis of presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Big Spring School District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule 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 Schedule presents only a selected portion of the operations of Big Spring School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Big Spring School District.

Note B - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

Note C - De minimus rate for indirect costs

The District did not elect to use the de minimus rate for indirect costs.

Note D - Food commodities

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

BIG SPRING SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Cont'd.)

YEAR ENDED JUNE 30, 2018

Calculation of 20% Rule

Total federal expenditures per schedule		$ 1,710,484
Major program		
Grant Program Title	Federal CFDA#	Total Expenditures
U.S. Department of Agriculture		
Passed through Pennsylvania Department of Education		
Child Nutrition Cluster		
School Breakfast Program - Cash Assistance	10.553	$ 80,257
National School Lunch Program - Cash Assistance	10.555	419,254
National School Lunch Program - Non-Cash Assistance	10.555	75,304
Total (33.61% of total federal expenditures)		$ 574,815

Source codes:

I - Indirect funding
F - Federal share
S - State share

Legends:

(M) Major program

BIG SPRING SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

A. Summary of auditor's results

1. The opinion expressed in the independent auditor's report was:

   X Unmodified ¨ Qualified ¨ Adverse ¨ Disclaimed

2. The independent auditor's report on internal control over financial reporting described:

   Significant deficiency(ies) noted considered material weakness(es)? ¨ Yes X No

   Significant deficiency(ies) noted that are not considered to be a material weakness? ¨ Yes X No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ¨ Yes X No

4. The independent auditor's report on internal control over compliance with requirements applicable to major federal awards programs described:

   Significant deficiency(ies) noted considered material weakness(es)? ¨ Yes X No

   Significant deficiency(ies) noted that are not considered to be a material weakness? X Yes ¨ No

5. The opinion expressed in the independent auditor's report on compliance with requirements applicable to major federal awards was:

   X Unmodified ¨ Qualified ¨ Adverse ¨ Disclaimed

6. The audit disclosed findings required to be reported in accordance with 2 CFR 200.516(a)? X Yes ¨ No

A. Summary of auditor's results (Cont'd.)

7. The District's major program are:

Grant Program Title	Federal CFDA#
U.S. Department of Agriculture	
Passed through Pennsylvania Department of Education	
Child Nutrition Cluster	
School Breakfast Program - Cash Assistance	10.553
National School Lunch Program - Cash Assistance	10.555
National School Lunch Program - Non-Cash Assistance	10.555

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was $ 750,000.

9. The District qualified as a low-risk auditee as that term is defined in the Uniform Guidance? X Yes .. No

B. Findings - financial statement audit

None

	Questioned Costs

C. Findings and questioned costs - major federal award program audits

#2018-001 Internal control - Significant deficiency - reporting

Title I - Grants to Local Education Agencies, CFDA #013-170037

Criteria

The Pennsylvania Department of Education requires final expenditure reports to be filed documenting the financial transactions of each grant. The final reports are due within 30 days after funds are expended but no later than 30 days after the ending date of the project. Districts are required to have appropriate controls over the timely filing of final expenditure reports.

Condition

The District did not timely file the final report for the grant #013-170037.

Cause

Staff overlooked the filing of the final expenditure report.

Effect

The District has not received the final payment due them for the balance of this grant. $ -0-

Identification as a repeat finding

This find is not a repeat finding.

Recommendation

We recommend that the District implement a process to ensure that all final expenditure reports are timely filed.

Questioned Costs

C. Findings and questioned costs - major federal award program audits (Cont'd.)

#2018-001 Internal control - Significant deficiency - reporting (Cont'd.)

Title I - Grants to Local Education Agencies, CFDA #013-170037

View of responsible officials and planned corrective action

After consulting with the team, we agree that all final expenditure reports will be prepared by the Controller, in coordination with the Title I Coordinator, and reviewed by the Business Manager. These federal expenditure reports were added to the audit checklist as well as the District's suspense calendar.

BIG SPRING SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

NONE

BIG SPRING SCHOOL DISTRICT
45 Mount Rock Road
Newville, PA 17241-9466
717-776-2000

13 November 2018

Subject: Corrective Action Plan

Big Spring School District respectfully submits the following action plan for the year ended June 30, 2016.

Name and address of the independent public accounting firm: Greenawalt & Company, P.C., 400 West Main St., Mechanicsburg, PA 17055

Audit period: July 1, 2017 to June 30, 2018

FINDINGS – Federal Award Programs Audits

SIGNIFICANT DEFICIENCY

2018-001-Internal Control

Recommendation: Greenawalt recommends the District implement a process to ensure that all final expenditure reports are timely filed.

Action Taken: After consulting with the team, we agreed that all final expenditure reports will be prepared by the Controller, in coordination with the Title I Coordinator, and reviewed by the Business Manager. These federal expenditure reports were added to the audit checklist as well as the District's suspense calendar.

If the Department of Education has questions regarding this plan, please call Richard Kerr at 717-776-2404

Sincerely,

Richard E. Kerr, Jr
Business Manager