

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WA-NEE COMMUNITY SCHOOLS
ELKHART COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
06/26/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Roger B. Zentz	07-01-12 to 06-30-15
Superintendent of Schools	Joseph M. Sabo	07-01-12 to 06-30-15
President of the School Board	Eric Brown	01-01-12 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Wa-Nee Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

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 of 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 of 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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, 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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, 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 April 29, 2015, 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 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 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

April 29, 2015



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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 WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Wa-Nee Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 29, 2015, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

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*.

Wa-Nee Community Schools Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 29, 2015

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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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WA-NEE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments		Disbursements	Other Financing		Cash and Investments		Other Financing		Cash and Investments	
	07-01-12	Receipts		Sources (Uses)	06-30-13	Receipts	Disbursements	Sources (Uses)	06-30-14		
General	\$ 3,293,755	\$ 19,455,908	\$ 18,192,004	\$ (493,526)	\$ 4,064,133	\$ 19,127,413	\$ 18,689,114	\$ (500,000)	\$ 4,002,432		
Debt Service	1,937,529	4,212,846	4,881,966	(18,450)	1,249,959	4,778,016	4,709,735	(2,629)	1,315,611		
Retirement/Severance Bond Debt Service	33,843	309,778	278,634	-	64,987	261,064	280,484	-	45,567		
Capital Projects	4,081,477	2,795,264	2,889,835	-	3,986,906	2,806,353	2,877,385	-	3,915,874		
School Transportation	866,136	1,916,949	1,686,502	(198,779)	897,804	1,919,576	1,675,093	57,527	1,199,814		
School Bus Replacement	466,812	211,468	264,096	-	414,184	328,983	368,927	-	374,240		
Rainy Day	1,250,139	-	-	700,000	1,950,139	-	-	500,000	2,450,139		
Retirement/Severance Bond	54,764	126	20,716	-	34,174	89	18,769	-	15,494		
Construction	83,972	-	-	-	83,972	-	-	-	83,972		
Construction Project #1	-	-	608,134	1,994,200	1,386,066	3,420	1,384,637	-	4,849		
Construction Project #2	-	-	45,509	1,995,087	1,949,578	329	1,719,123	-	230,784		
School Lunch	304,189	1,378,768	1,283,319	-	399,638	1,314,894	1,249,666	-	464,866		
Textbook Rental	(19,965)	237,238	70,038	18,450	165,685	237,925	341,324	2,629	64,915		
Self-Insurance	2,147,265	2,585,626	2,581,761	-	2,151,130	2,507,110	2,211,735	-	2,446,505		
Levy Excess	39,393	9,602	-	-	48,995	-	-	(48,918)	77		
Educational License Plates	1,436	750	1,000	-	1,186	394	1,000	-	580		
Alternative Education	19,630	8,600	-	-	28,230	8,100	795	-	35,535		
SAFE School Haven	-	13,941	13,941	-	-	559	559	-	-		
Early Intervention Grant	20	28,322	28,342	-	-	-	25,624	-	(25,624)		
Miscellaneous Programs	10,535	31	-	-	10,566	21	-	-	10,587		
Gifted & Talented	11,749	40,496	48,278	-	3,967	40,817	29,574	-	15,210		
Medicaid Reimbursement	1,213	1,942	2,499	-	656	3,015	1,228	-	2,443		
Secured Schools Safety Grant	-	-	-	-	-	34,329	39,340	-	(5,011)		
Non-English Speaking Programs P.L. 273-1999	3,707	19,137	20,013	-	2,831	18,015	14,211	-	6,635		
School Technology	49,246	32,531	12,154	-	69,623	11,949	25,535	-	56,037		
Innovative School Improvement Grant	-	-	43,160	-	(43,160)	134,581	91,822	-	(401)		
11-12 Title I Grant	(3,689)	235,851	232,162	-	-	-	-	-	-		
12-13 Title I Grant	-	584,180	659,917	-	(75,737)	268,788	193,051	-	-		
13-14 Title I Grant	-	-	-	-	-	585,846	603,983	-	(18,137)		
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	-	4,413	-	(4,413)		
11-12 PL 101-476 IDEA Grant	(40,955)	107,787	66,832	-	-	-	-	-	-		
12-13 PL 101-476 IDEA Grant	-	371,531	541,150	-	(169,619)	258,332	88,713	-	-		
13-14 PL 101-476 IDEA Grant	-	-	-	-	-	596,512	547,010	-	49,502		
Title IV-A Safe & Drug Free School	(2,156)	2,156	-	-	-	-	-	-	-		
12-13 Perkins Grant	-	3,500	3,500	-	-	-	-	-	-		
13-14 Perkins Grant	-	-	-	-	-	3,500	3,500	-	-		
2011-2012 Project Lead The Way	-	7,275	7,275	-	-	-	-	-	-		
Medicaid Reimbursement - Federal	15,724	2,876	234	-	18,366	5,580	942	-	23,004		
Improving Teaching Quality, No Child Left, Title II, Part A	(28,338)	122,028	123,351	-	(29,661)	149,122	129,474	-	(10,013)		
Title III - Language Instruction	(6,021)	4,297	20,196	-	(21,920)	41,124	22,516	-	(3,312)		
Education Jobs	-	11,928	11,928	-	-	-	-	-	-		
Payroll	28,460	4,397,862	4,402,716	-	23,606	4,492,971	4,491,707	-	24,870		
Totals	\$ 14,599,870	\$ 39,110,594	\$ 39,041,162	\$ 3,996,982	\$ 18,666,284	\$ 39,938,727	\$ 41,840,989	\$ 8,609	\$ 16,772,631		

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

WA-NEE 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, 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 which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include 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 which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Transfers out which includes money 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 money 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 money 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 March 1 (lien date) 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.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some grant funds with deficits in cash. This is a result of grant fund expenditures that have not been reimbursed by June 30, 2013, or June 30, 2014.

Note 8. Holding Corporations

The School Corporation has entered into capital leases with Wa-Nee Middle School Building Corporation and with Wa-Nee Community School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2012-2013 and 2013-2014 totaled \$3,896,700 and \$2,578,001, respectively.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Related Party Transactions*

Eric Brown, a School Board member, is the owner of Brown and Brown Construction, which was awarded a construction contract through the normal bidding process in the amount of \$1,733,500. Formal conflict of interest affidavits were filed each year for School Board member Eric Brown. During the audit period, Brown and Brown Construction was paid \$1,702,978.

Note 10. *Subsequent Events*

On November 20, 2014, the School Corporation received general obligation bond sale proceeds in the amount of \$2,000,000. The proceeds will be used to replace the freezer and cooler, auditorium lights at Northwood High School, along with a new roof at Nappanee Elementary, computers for Northwood High School and Northwood Middle School, technology wiring at Wakarusa, Woodview, and Nappanee Elementary, and a boiler replacement at Wakarusa Elementary.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. 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 Gateway 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 Financial Reports of the School Corporation which are 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.

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 3,293,755	\$ 1,937,529	\$ 33,843	\$ 4,081,477	\$ 866,136	\$ 466,812	\$ 1,250,139	\$ 54,764	\$ 83,972
Receipts:									
Local sources	501,214	4,212,846	309,778	2,795,264	1,881,111	211,468	-	126	-
Intermediate sources	600	-	-	-	-	-	-	-	-
State sources	18,897,893	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	56,201	-	-	-	35,838	-	-	-	-
Total receipts	<u>19,455,908</u>	<u>4,212,846</u>	<u>309,778</u>	<u>2,795,264</u>	<u>1,916,949</u>	<u>211,468</u>	<u>-</u>	<u>126</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	13,243,016	-	-	-	-	-	-	14,129	-
Support services	4,599,429	-	-	1,442,673	1,686,502	264,096	-	6,587	-
Noninstructional services	349,559	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,447,162	-	-	-	-	-
Debt services	-	4,881,966	278,634	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>18,192,004</u>	<u>4,881,966</u>	<u>278,634</u>	<u>2,889,835</u>	<u>1,686,502</u>	<u>264,096</u>	<u>-</u>	<u>20,716</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,263,904</u>	<u>(669,120)</u>	<u>31,144</u>	<u>(94,571)</u>	<u>230,447</u>	<u>(52,628)</u>	<u>-</u>	<u>(20,590)</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	6,474	-	-	-	1,221	-	-	-	-
Transfers in	-	-	-	-	-	-	700,000	-	-
Transfers out	(500,000)	(18,450)	-	-	(200,000)	-	-	-	-
Total other financing sources (uses)	<u>(493,526)</u>	<u>(18,450)</u>	<u>-</u>	<u>-</u>	<u>(198,779)</u>	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>770,378</u>	<u>(687,570)</u>	<u>31,144</u>	<u>(94,571)</u>	<u>31,668</u>	<u>(52,628)</u>	<u>700,000</u>	<u>(20,590)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,064,133</u>	<u>\$ 1,249,959</u>	<u>\$ 64,987</u>	<u>\$ 3,986,906</u>	<u>\$ 897,804</u>	<u>\$ 414,184</u>	<u>\$ 1,950,139</u>	<u>\$ 34,174</u>	<u>\$ 83,972</u>

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Construction Project #1	Construction Project #2	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven
Cash and investments - beginning	\$ -	\$ -	\$ 304,189	\$ (19,965)	\$ 2,147,265	\$ 39,393	\$ 1,436	\$ 19,630	\$ -
Receipts:									
Local sources	-	-	719,924	147,217	2,585,626	9,602	-	-	-
Intermediate sources	-	-	-	-	-	-	750	-	-
State sources	-	-	17,549	90,021	-	-	-	8,600	13,941
Federal sources	-	-	641,295	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	1,378,768	237,238	2,585,626	9,602	750	8,600	13,941
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	667	70,038	6,920	-	-	-	13,941
Noninstructional services	-	-	1,282,652	-	-	-	-	-	-
Facilities acquisition and construction	608,134	45,509	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,574,841	-	1,000	-	-
Total disbursements	608,134	45,509	1,283,319	70,038	2,581,761	-	1,000	-	13,941
Excess (deficiency) of receipts over disbursements	(608,134)	(45,509)	95,449	167,200	3,865	9,602	(250)	8,600	-
Other financing sources (uses):									
Proceeds of long-term debt	1,994,200	1,995,087	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	18,450	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,994,200	1,995,087	-	18,450	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,386,066	1,949,578	95,449	185,650	3,865	9,602	(250)	8,600	-
Cash and investments - ending	\$ 1,386,066	\$ 1,949,578	\$ 399,638	\$ 165,685	\$ 2,151,130	\$ 48,995	\$ 1,186	\$ 28,230	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Early Intervention Grant	Miscellaneous Programs	Gifted & Talented	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Innovative School Improvement Grant	11-12 Title I Grant
Cash and investments - beginning	\$ 20	\$ 10,535	\$ 11,749	\$ 1,213	\$ -	\$ 3,707	\$ 49,246	\$ -	\$ (3,689)
Receipts:									
Local sources	-	21	-	-	-	-	24,908	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	28,322	-	40,496	1,942	-	19,137	7,623	-	-
Federal sources	-	-	-	-	-	-	-	-	235,851
Other	-	10	-	-	-	-	-	-	-
Total receipts	<u>28,322</u>	<u>31</u>	<u>40,496</u>	<u>1,942</u>	<u>-</u>	<u>19,137</u>	<u>32,531</u>	<u>-</u>	<u>235,851</u>
Disbursements:									
Current:									
Instruction	-	-	48,278	-	-	20,013	-	43,160	93,185
Support services	28,342	-	-	2,499	-	-	12,154	-	136,416
Noninstructional services	-	-	-	-	-	-	-	-	2,561
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>28,342</u>	<u>-</u>	<u>48,278</u>	<u>2,499</u>	<u>-</u>	<u>20,013</u>	<u>12,154</u>	<u>43,160</u>	<u>232,162</u>
Excess (deficiency) of receipts over disbursements	<u>(20)</u>	<u>31</u>	<u>(7,782)</u>	<u>(557)</u>	<u>-</u>	<u>(876)</u>	<u>20,377</u>	<u>(43,160)</u>	<u>3,689</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(20)</u>	<u>31</u>	<u>(7,782)</u>	<u>(557)</u>	<u>-</u>	<u>(876)</u>	<u>20,377</u>	<u>(43,160)</u>	<u>3,689</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 10,566</u>	<u>\$ 3,967</u>	<u>\$ 656</u>	<u>\$ -</u>	<u>\$ 2,831</u>	<u>\$ 69,623</u>	<u>\$ (43,160)</u>	<u>\$ -</u>

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	12-13 Title I Grant	13-14 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	11-12 PL 101-476 IDEA Grant	12-13 PL 101-476 IDEA Grant	13-14 PL 101-476 IDEA Grant	Title IV-A Safe & Drug Free School	12-13 Perkins Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (40,955)	\$ -	\$ -	\$ (2,156)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	584,180	-	-	107,787	371,531	-	2,156	3,500
Other	-	-	-	-	-	-	-	-
Total receipts	584,180	-	-	107,787	371,531	-	2,156	3,500
Disbursements:								
Current:								
Instruction	304,938	-	-	66,832	541,150	-	-	3,500
Support services	347,821	-	-	-	-	-	-	-
Noninstructional services	7,158	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	659,917	-	-	66,832	541,150	-	-	3,500
Excess (deficiency) of receipts over disbursements	(75,737)	-	-	40,955	(169,619)	-	2,156	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(75,737)	-	-	40,955	(169,619)	-	2,156	-
Cash and investments - ending	\$ (75,737)	\$ -	\$ -	\$ -	\$ (169,619)	\$ -	\$ -	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	13-14 Perkins Grant	2011-2012 Project Lead The Way	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 15,724	\$ (28,338)	\$ (6,021)	\$ -	\$ 28,460	\$ 14,599,870
Receipts:								
Local sources	-	-	-	-	-	-	-	13,399,105
Intermediate sources	-	-	-	-	-	-	-	1,350
State sources	-	-	-	-	-	-	-	19,125,524
Federal sources	-	7,275	2,876	122,028	4,297	11,928	-	2,094,704
Other	-	-	-	-	-	-	4,397,862	4,489,911
Total receipts	<u>-</u>	<u>7,275</u>	<u>2,876</u>	<u>122,028</u>	<u>4,297</u>	<u>11,928</u>	<u>4,397,862</u>	<u>39,110,594</u>
Disbursements:								
Current:								
Instruction	-	7,275	-	123,351	20,196	11,928	-	14,540,951
Support services	-	-	234	-	-	-	-	8,618,319
Noninstructional services	-	-	-	-	-	-	-	1,641,930
Facilities acquisition and construction	-	-	-	-	-	-	-	2,100,805
Debt services	-	-	-	-	-	-	-	5,160,600
Nonprogrammed charges	-	-	-	-	-	-	4,402,716	6,978,557
Total disbursements	<u>-</u>	<u>7,275</u>	<u>234</u>	<u>123,351</u>	<u>20,196</u>	<u>11,928</u>	<u>4,402,716</u>	<u>39,041,162</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>2,642</u>	<u>(1,323)</u>	<u>(15,899)</u>	<u>-</u>	<u>(4,854)</u>	<u>69,432</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	3,989,287
Sale of capital assets	-	-	-	-	-	-	-	7,695
Transfers in	-	-	-	-	-	-	-	718,450
Transfers out	-	-	-	-	-	-	-	(718,450)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,996,982</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>2,642</u>	<u>(1,323)</u>	<u>(15,899)</u>	<u>-</u>	<u>(4,854)</u>	<u>4,066,414</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,366</u>	<u>\$ (29,661)</u>	<u>\$ (21,920)</u>	<u>\$ -</u>	<u>\$ 23,606</u>	<u>\$ 18,666,284</u>

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 4,064,133	\$ 1,249,959	\$ 64,987	\$ 3,986,906	\$ 897,804	\$ 414,184	\$ 1,950,139	\$ 34,174	\$ 83,972
Receipts:									
Local sources	365,296	4,778,016	261,064	2,806,353	1,893,990	328,983	-	89	-
Intermediate sources	251	-	-	-	-	-	-	-	-
State sources	18,732,098	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	29,768	-	-	-	25,586	-	-	-	-
Total receipts	19,127,413	4,778,016	261,064	2,806,353	1,919,576	328,983	-	89	-
Disbursements:									
Current:									
Instruction	13,689,772	-	-	-	-	-	-	12,182	-
Support services	4,627,584	-	-	1,691,791	1,675,093	368,927	-	6,587	-
Noninstructional services	371,758	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,185,594	-	-	-	-	-
Debt services	-	4,709,735	280,484	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	18,689,114	4,709,735	280,484	2,877,385	1,675,093	368,927	-	18,769	-
Excess (deficiency) of receipts over disbursements	438,299	68,281	(19,420)	(71,032)	244,483	(39,944)	-	(18,680)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	8,609	-	-	-	-
Transfers in	-	-	-	-	48,918	-	500,000	-	-
Transfers out	(500,000)	(2,629)	-	-	-	-	-	-	-
Total other financing sources (uses)	(500,000)	(2,629)	-	-	57,527	-	500,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(61,701)	65,652	(19,420)	(71,032)	302,010	(39,944)	500,000	(18,680)	-
Cash and investments - ending	\$ 4,002,432	\$ 1,315,611	\$ 45,567	\$ 3,915,874	\$ 1,199,814	\$ 374,240	\$ 2,450,139	\$ 15,494	\$ 83,972

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Construction Project #1	Construction Project #2	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Alternative Education	SAFE School Haven
Cash and investments - beginning	\$ 1,386,066	\$ 1,949,578	\$ 399,638	\$ 165,685	\$ 2,151,130	\$ 48,995	\$ 1,186	\$ 28,230	\$ -
Receipts:									
Local sources	3,420	329	717,027	156,089	2,507,110	-	-	-	-
Intermediate sources	-	-	-	-	-	-	394	-	-
State sources	-	-	19,023	81,836	-	-	-	8,100	559
Federal sources	-	-	578,697	-	-	-	-	-	-
Other	-	-	147	-	-	-	-	-	-
Total receipts	3,420	329	1,314,894	237,925	2,507,110	-	394	8,100	559
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	793	341,324	6,874	-	-	-	559
Noninstructional services	-	-	1,248,873	-	-	-	-	-	-
Facilities acquisition and construction	1,384,637	1,719,123	-	-	-	-	-	795	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,204,861	-	1,000	-	-
Total disbursements	1,384,637	1,719,123	1,249,666	341,324	2,211,735	-	1,000	795	559
Excess (deficiency) of receipts over disbursements	(1,381,217)	(1,718,794)	65,228	(103,399)	295,375	-	(606)	7,305	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	2,629	-	-	-	-	-
Transfers out	-	-	-	-	-	(48,918)	-	-	-
Total other financing sources (uses)	-	-	-	2,629	-	(48,918)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,381,217)	(1,718,794)	65,228	(100,770)	295,375	(48,918)	(606)	7,305	-
Cash and investments - ending	\$ 4,849	\$ 230,784	\$ 464,866	\$ 64,915	\$ 2,446,505	\$ 77	\$ 580	\$ 35,535	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Early Intervention Grant	Miscellaneous Programs	Gifted & Talented	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Innovative School Improvement Grant	11-12 Title I Grant
Cash and investments - beginning	\$ -	\$ 10,566	\$ 3,967	\$ 656	\$ -	\$ 2,831	\$ 69,623	\$ (43,160)	\$ -
Receipts:									
Local sources	-	21	-	-	-	-	4,329	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	40,817	3,015	34,329	18,015	7,620	134,581	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	21	40,817	3,015	34,329	18,015	11,949	134,581	-
Disbursements:									
Current:									
Instruction	-	-	29,574	-	-	14,211	-	88,906	-
Support services	25,624	-	-	1,228	29,589	-	25,535	2,916	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	9,751	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	25,624	-	29,574	1,228	39,340	14,211	25,535	91,822	-
Excess (deficiency) of receipts over disbursements	(25,624)	21	11,243	1,787	(5,011)	3,804	(13,586)	42,759	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(25,624)	21	11,243	1,787	(5,011)	3,804	(13,586)	42,759	-
Cash and investments - ending	\$ (25,624)	\$ 10,587	\$ 15,210	\$ 2,443	\$ (5,011)	\$ 6,635	\$ 56,037	\$ (401)	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	12-13 Title I Grant	13-14 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	11-12 PL 101-476 IDEA Grant	12-13 PL 101-476 IDEA Grant	13-14 PL 101-476 IDEA Grant	Title IV-A Safe & Drug Free School	12-13 Perkins Grant
Cash and investments - beginning	\$ (75,737)	\$ -	\$ -	\$ -	\$ (169,619)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	268,788	585,846	-	-	258,332	596,512	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	268,788	585,846	-	-	258,332	596,512	-	-
Disbursements:								
Current:								
Instruction	75,377	282,013	4,413	-	88,713	547,010	-	-
Support services	116,132	316,851	-	-	-	-	-	-
Noninstructional services	1,542	5,119	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	193,051	603,983	4,413	-	88,713	547,010	-	-
Excess (deficiency) of receipts over disbursements	75,737	(18,137)	(4,413)	-	169,619	49,502	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	75,737	(18,137)	(4,413)	-	169,619	49,502	-	-
Cash and investments - ending	\$ -	\$ (18,137)	\$ (4,413)	\$ -	\$ -	\$ 49,502	\$ -	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	13-14 Perkins Grant	2011-2012 Project Lead The Way	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 18,366	\$ (29,661)	\$ (21,920)	\$ -	\$ 23,606	\$ 18,666,284
Receipts:								
Local sources	-	-	-	-	-	-	-	13,822,116
Intermediate sources	-	-	-	-	-	-	-	645
State sources	-	-	-	-	-	-	-	19,079,993
Federal sources	3,500	-	5,580	149,122	41,124	-	-	2,487,501
Other	-	-	-	-	-	-	4,492,971	4,548,472
Total receipts	3,500	-	5,580	149,122	41,124	-	4,492,971	39,938,727
Disbursements:								
Current:								
Instruction	3,500	-	399	129,474	22,516	-	-	14,988,060
Support services	-	-	543	-	-	-	-	9,237,950
Noninstructional services	-	-	-	-	-	-	-	1,627,292
Facilities acquisition and construction	-	-	-	-	-	-	-	4,299,900
Debt services	-	-	-	-	-	-	-	4,990,219
Nonprogrammed charges	-	-	-	-	-	-	4,491,707	6,697,568
Total disbursements	3,500	-	942	129,474	22,516	-	4,491,707	41,840,989
Excess (deficiency) of receipts over disbursements	-	-	4,638	19,648	18,608	-	1,264	(1,902,262)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	8,609
Transfers in	-	-	-	-	-	-	-	551,547
Transfers out	-	-	-	-	-	-	-	(551,547)
Total other financing sources (uses)	-	-	-	-	-	-	-	8,609
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	4,638	19,648	18,608	-	1,264	(1,893,653)
Cash and investments - ending	\$ -	\$ -	\$ 23,004	\$ (10,013)	\$ (3,312)	\$ -	\$ 24,870	\$ 16,772,631

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 340,176</u>	<u>\$ 1,619,807</u>

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Wa-Nee Community School Building Corporation	Financing and constructing facilities	\$ 762,000	1/15/2007	1/15/2020
Wa-Nee Middle School Building Corporation	Financing and constructing facilities	<u>1,815,000</u>	7/15/2001	1/15/2020
Total of annual lease payments		<u>\$ 2,577,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	SB199 Pension buy-out program	\$ 995,000	\$ 276,392
General obligation bonds	QSCB for constructing and remodeling facilities	845,000	166,374
General obligation bonds	Constructing and remodeling facilities	<u>1,195,000</u>	<u>1,202,850</u>
Totals		<u>\$ 3,035,000</u>	<u>\$ 1,645,616</u>

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WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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	\$ 1,482,950
Buildings	58,159,313
Improvements other than buildings	2,761,459
Machinery, equipment, and vehicles	<u>7,985,418</u>
Total capital assets	<u>\$ 70,389,140</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Wa-Nee Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

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, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-004. 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

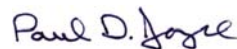
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

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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 prepared by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

WA-NEE COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY12-13 FY13-14	\$ 89,243 -	\$ - 69,420
Total - School Breakfast Program				<u>89,243</u>	<u>69,420</u>
National School Lunch Program	Indiana Department of Education	10.555	FY12-13 FY13-14	650,229 -	- 605,531
Total - National School Lunch Program				<u>650,229</u>	<u>605,531</u>
Total - Child Nutrition Cluster				<u>739,472</u>	<u>674,951</u>
Total - Department of Agriculture				<u>739,472</u>	<u>674,951</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	14212-016-PN01 14213-016-PN01 14214-016-PN01	107,787 371,531 -	- 258,332 596,512
Total - Special Education Cluster (IDEA)				<u>479,318</u>	<u>854,844</u>
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-2285 13-2285 14-2285	235,851 584,180 -	- 268,788 585,846
Total - Title I, Part A Cluster				<u>820,031</u>	<u>854,634</u>

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048			
			FY12	7,275	-
			FY13	3,500	-
			FY14	-	3,500
				<u>10,775</u>	<u>3,500</u>
Total - Career and Technical Education - Basic Grants to States					
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186		2,156	-
				<u>2,156</u>	<u>-</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365			
			01112-018-PN01	4,297	-
			01113-018-PN01	-	28,988
			01114-085-PN01	-	12,136
				<u>4,297</u>	<u>41,124</u>
Total - English Language Acquisition State Grants					
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			FY2011	117,572	-
			FY2012	4,456	117,294
			FY2013	-	31,828
				<u>122,028</u>	<u>149,122</u>
Total - Improving Teacher Quality State Grants					
Education Jobs Fund	Indiana Department of Education	84.410		11,928	-
				<u>11,928</u>	<u>-</u>
Total - Department of Education				<u>1,450,533</u>	<u>1,903,224</u>
<u>Department of Health and Human Services</u>					
Maternal and Child Health Services Block Grant to the States	Indiana Department of Health	93.994		2,876	5,580
				<u>2,876</u>	<u>5,580</u>
Total federal awards expended				<u>\$ 2,192,881</u>	<u>\$ 2,583,755</u>

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 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. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 98,177	\$ 96,254

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - NATIONAL SCHOOL LUNCH AND SCHOOL BREAKFAST PROGRAMS ELIGIBILITY COMPLIANCE REQUIREMENTS

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program and National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year (or Other Identifying Number): FY12-13 and FY13-14
Pass-Through Entity: Indiana Department of Education

Forty applications received during the audit period were selected for review. Of the forty applications reviewed, two applications had incorrect eligibility determinations.

7 CFR 245.6(c) states in part:

"Determination of eligibility—

- (1) *Duration of eligibility.* Except as otherwise specified in paragraph (c)(3) of this section, eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year. . . .
- (4) *Calculating income.* The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in §245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in §245.2, the children in that household must be approved for free or reduced price benefits, as applicable."

Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that School Corporation officials properly determine and document the determination of student eligibility status.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE NATIONAL SCHOOL LUNCH AND SCHOOL BREAKFAST PROGRAMS

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program and National School Lunch Program

CFDA Number: 10.553 and 10.555

Federal Award Number and Year (or Other Identifying Number): FY12-13 and FY13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements of Eligibility, Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

The failure to establish an effective internal control system places 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 also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-004 - INTERNAL CONTROLS OVER CASH MANAGEMENT AND REPORTING FOR TITLE I - GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-2285, 13-2285, and 14-2285
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements of Cash Management and Reporting.

The requests for reimbursement are prepared by the Deputy Treasurer, who also prepares the accounts payable vouchers. There is no review of these requests prior to the submission of the requests to the pass-through entity for reimbursement.

Requests for reimbursement are not based on actual amounts paid. Of the four requests for reimbursement reviewed, three of the requests included estimates. Year to date expenses paid, less reimbursements already received, is used by the Deputy Treasurer to request reimbursement, along with an estimate of expenses the School Corporation is anticipating paying in the next month or partial month.

The failure to establish an effective internal control system places 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 also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The Title I Fiscal Handbook, Obligation of Funds section on page 4 states in part: "An obligation is an actual cost owed due to purchase orders issued, contracts signed, or services rendered for which a district is required to make payment. Obligations are not anticipated or estimated costs."

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the cash management and reporting requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure that all required reimbursement reports are based on actual amounts paid, not estimates of amounts paid.

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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.

WA-NEE COMMUNITY SCHOOLS

**School Administration Office
1300 North Main Street
Nappanee, Indiana 46550
Ph. (574) 773-3131
FAX (574) 773-5593**

**Joseph M. Sabo
Superintendent of Schools**

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Roger B. Zentz
Contact Phone Number: 574-773-3131

Description of Corrective Action Plan:

Internal control systems by segregation of duties, related to receipts. Deputy Treasurer, Dawn Miller will prepare the written receipt, with Crystal Manring posting all receipts and Deputy Treasurer, Dawn Miller preparing the Bank Reconciliation. Please note that all mail has been and will continue to be opened by Treasurer Roger Zentz, which includes receiving all checks first, then giving to Deputy Treasurer, Miller and a review of the bank statement reconciliation each month by Treasurer, Roger Zentz.

Anticipated Completion Date: Effective immediately from the date of this document.

FINDING 2014-002

Contact Person Responsible for Corrective Action: Roger B. Zentz
Contact Phone Number: 574-773-3131

Description of Corrective Action Plan:

Internal control systems by segregation of duties, related to the School Form No. 521 "Application for Free and Reduced Price Meals and other Benefits" will have Lisa Hall completing the first review of the application and documenting the results of the determination and signing of the form. The confirming official review will be completed by Treasurer, Roger Zentz and will be signed as the verifying official.

Anticipated Completion Date: Effective immediately from the date of this document.

FINDING 2014-003

Contact Person Responsible for Corrective Action: Roger B. Zentz
Contact Phone Number: 574-773-3131

Description of Corrective Action Plan:

Internal control systems by segregation of duties, related to the grant agreement and the compliance requirements of Eligibility, Reporting and Special Tests and Provisions for Verification of Free and Reduced Price Applications (NSLP) will be completed by Lisa Hall for the first review and the 2nd review will be completed by either Treasurer Roger Zentz or Crystal Manring from the Business office.

Anticipated Completion Date: Effective immediately from the date of this document.

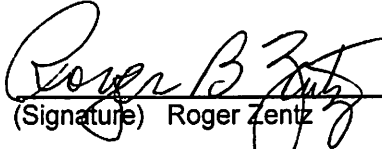
FINDING 2014-004

Contact Person Responsible for Corrective Action: Roger B. Zentz
Contact Phone Number: 574-773-3131

Description of Corrective Action Plan:

All request for reimbursements will be either prepared by the Treasurer, Roger Zentz and reviewed by Deputy Treasurer, Dawn Miller or prepared by Deputy Treasurer Dawn Miller and reviewed by Treasurer Roger Zentz, so that a review of requests by another School Corporation person prior to the submission of the requests to the pass-through entity for reimbursement.

Anticipated Completion Date: Effective immediately from the date of this document.



(Signature) Roger Zentz
Business Manager

(Title)
April 29, 2015

(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.