

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH MIAMI COMMUNITY SCHOOLS
MIAMI COUNTY, INDIANA

July 1, 2014 to June 30, 2015



FILED
09/14/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Krista R. Warder	07-01-14 to 06-30-17
Superintendent of Schools	Cathy Egolf Nicholas Eccles	07-01-14 to 12-31-15 01-01-16 to 06-30-17
President of the School Board	William C. Deeds II	07-01-14 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH MIAMI COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the North Miami Community Schools (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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 year ended June 30, 2015.

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 year ended June 30, 2015, 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 Schedule 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 June 29, 2016, 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

June 29, 2016



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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 NORTH MIAMI COMMUNITY SCHOOLS, MIAMI 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 North Miami Community Schools (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated June 29, 2016, 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

North Miami 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

June 29, 2016

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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.

NORTH MIAMI COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2015

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,209,215	\$ 6,111,420	\$ 6,620,446	\$ -	\$ 700,189
Debt Service	318,238	540,210	537,000	-	321,448
Retirement/Severance Bond Debt Service	24,720	216,551	219,817	-	21,454
Capital Projects	290,133	881,115	844,723	3,406	329,931
School Transportation	96,516	583,267	531,561	(60,000)	88,222
School Bus Replacement	214,005	60,311	93,900	-	180,416
Rainy Day	604,880	-	-	60,000	664,880
School Lunch	410,401	469,698	560,878	-	319,221
Prepaid Lunches	9,717	240,890	240,523	-	10,084
Textbook Rental	47,708	93,506	121,253	3,205	23,166
Levy Excess	-	139	-	-	139
Child Care Program	2,012	22,760	18,678	-	6,094
Educational License Plates	3,319	94	-	-	3,413
Alternative Education	940	5,065	-	-	6,005
Donations, Gifts and Trusts	1,747	2,323	233	-	3,837
Secured Schools Safety Grant	-	35,000	35,000	-	-
Non-English Speaking Programs P.L. 273-1999	75	-	-	-	75
School Technology	39,076	16,245	10,642	-	44,679
Vending	244	79	-	-	323
ISTA Settlement 2013	470,649	-	-	-	470,649
Senator David Ford Technology	1,396	61,293	82,188	-	(19,499)
Dukes Healthcare Grant 2015	-	1,000	-	-	1,000
Title I 2013-2014	(14,082)	30,353	16,271	-	-
Title I 2014-2015	-	122,853	135,729	-	(12,876)
Improving Teaching Quality, No Child Left, Title II, Part A	-	47,013	47,045	-	(32)
Payroll Withholdings	27,993	1,512,553	1,519,534	-	21,011
Totals	<u>\$ 3,758,902</u>	<u>\$ 11,053,738</u>	<u>\$ 11,635,421</u>	<u>\$ 6,611</u>	<u>\$ 3,183,830</u>

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

NORTH MIAMI 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.

NORTH MIAMI COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources, which 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, which 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:

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

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.

NORTH MIAMI COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

NORTH MIAMI COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

NORTH MIAMI 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 funds with deficits in cash. This is a result of funds that were set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015.

Note 8. Holding Corporation

The School Corporation has entered into two capital leases with the North Miami Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the year ended June 30, 2015, totaled \$149,500.

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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.

NORTH MIAMI COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,209,215	\$ 318,238	\$ 24,720	\$ 290,133	\$ 96,516	\$ 214,005	\$ 604,880
Receipts:							
Local sources	32,775	540,210	216,551	878,638	583,267	60,311	-
Intermediate sources	214	-	-	-	-	-	-
State sources	6,073,657	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	4,774	-	-	2,477	-	-	-
Total receipts	<u>6,111,420</u>	<u>540,210</u>	<u>216,551</u>	<u>881,115</u>	<u>583,267</u>	<u>60,311</u>	<u>-</u>
Disbursements:							
Instruction	4,129,324	-	-	-	-	-	-
Support services	2,009,296	-	-	541,245	531,461	93,900	-
Noninstructional services	138,736	-	-	-	-	-	-
Facilities acquisition and construction	182,859	-	-	303,478	100	-	-
Debt services	160,231	537,000	219,817	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>6,620,446</u>	<u>537,000</u>	<u>219,817</u>	<u>844,723</u>	<u>531,561</u>	<u>93,900</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(509,026)</u>	<u>3,210</u>	<u>(3,266)</u>	<u>36,392</u>	<u>51,706</u>	<u>(33,589)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	3,406	-	-	-
Transfers in	-	-	-	-	-	-	60,000
Transfers out	-	-	-	-	(60,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,406</u>	<u>(60,000)</u>	<u>-</u>	<u>60,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(509,026)</u>	<u>3,210</u>	<u>(3,266)</u>	<u>39,798</u>	<u>(8,294)</u>	<u>(33,589)</u>	<u>60,000</u>
Cash and investments - ending	<u>\$ 700,189</u>	<u>\$ 321,448</u>	<u>\$ 21,454</u>	<u>\$ 329,931</u>	<u>\$ 88,222</u>	<u>\$ 180,416</u>	<u>\$ 664,880</u>

NORTH MIAMI COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	School Lunch	Prepaid Lunches	Textbook Rental	Levy Excess	Child Care Program	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 410,401	\$ 9,717	\$ 47,708	\$ -	\$ 2,012	\$ 3,319	\$ 940
Receipts:							
Local sources	249,764	-	65,849	139	22,760	-	-
Intermediate sources	-	-	-	-	-	94	-
State sources	5,623	-	27,657	-	-	-	5,065
Federal sources	214,191	-	-	-	-	-	-
Other receipts	120	240,890	-	-	-	-	-
Total receipts	<u>469,698</u>	<u>240,890</u>	<u>93,506</u>	<u>139</u>	<u>22,760</u>	<u>94</u>	<u>5,065</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	1,050	-	121,253	-	-	-	-
Noninstructional services	559,828	-	-	-	18,678	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	240,523	-	-	-	-	-
Total disbursements	<u>560,878</u>	<u>240,523</u>	<u>121,253</u>	<u>-</u>	<u>18,678</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(91,180)</u>	<u>367</u>	<u>(27,747)</u>	<u>139</u>	<u>4,082</u>	<u>94</u>	<u>5,065</u>
Other financing sources (uses):							
Sale of capital assets	-	-	3,205	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(91,180)</u>	<u>367</u>	<u>(24,542)</u>	<u>139</u>	<u>4,082</u>	<u>94</u>	<u>5,065</u>
Cash and investments - ending	<u>\$ 319,221</u>	<u>\$ 10,084</u>	<u>\$ 23,166</u>	<u>\$ 139</u>	<u>\$ 6,094</u>	<u>\$ 3,413</u>	<u>\$ 6,005</u>

NORTH MIAMI COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Donations, Gifts and Trusts	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Vending	ISTA Settlement 2013	Senator David Ford Technology
Cash and investments - beginning	\$ 1,747	\$ -	\$ 75	\$ 39,076	\$ 244	\$ 470,649	\$ 1,396
Receipts:							
Local sources	2,323	-	-	-	79	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	35,000	-	16,245	-	-	61,293
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>2,323</u>	<u>35,000</u>	<u>-</u>	<u>16,245</u>	<u>79</u>	<u>-</u>	<u>61,293</u>
Disbursements:							
Instruction	233	-	-	-	-	-	-
Support services	-	-	-	10,642	-	-	82,188
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	35,000	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>233</u>	<u>35,000</u>	<u>-</u>	<u>10,642</u>	<u>-</u>	<u>-</u>	<u>82,188</u>
Excess (deficiency) of receipts over disbursements	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>5,603</u>	<u>79</u>	<u>-</u>	<u>(20,895)</u>
Other financing sources (uses):							
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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,090</u>	<u>-</u>	<u>-</u>	<u>5,603</u>	<u>79</u>	<u>-</u>	<u>(20,895)</u>
Cash and investments - ending	<u>\$ 3,837</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 44,679</u>	<u>\$ 323</u>	<u>\$ 470,649</u>	<u>\$ (19,499)</u>

NORTH MIAMI COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Dukes Healthcare Grant 2015	Title I 2013-2014	Title I 2014-2015	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (14,082)	\$ -	\$ -	\$ 27,993	\$ 3,758,902
Receipts:						
Local sources	-	-	-	-	-	2,652,666
Intermediate sources	-	-	-	-	-	308
State sources	-	-	-	-	-	6,224,540
Federal sources	1,000	30,353	122,853	47,013	-	415,410
Other receipts	-	-	-	-	1,512,553	1,760,814
Total receipts	<u>1,000</u>	<u>30,353</u>	<u>122,853</u>	<u>47,013</u>	<u>1,512,553</u>	<u>11,053,738</u>
Disbursements:						
Instruction	-	9,932	100,032	20,000	-	4,259,521
Support services	-	5,782	33,787	27,045	-	3,457,649
Noninstructional services	-	557	1,910	-	-	719,709
Facilities acquisition and construction	-	-	-	-	-	521,437
Debt services	-	-	-	-	-	917,048
Nonprogrammed charges	-	-	-	-	1,519,534	1,760,057
Total disbursements	<u>-</u>	<u>16,271</u>	<u>135,729</u>	<u>47,045</u>	<u>1,519,534</u>	<u>11,635,421</u>
Excess (deficiency) of receipts over disbursements	<u>1,000</u>	<u>14,082</u>	<u>(12,876)</u>	<u>(32)</u>	<u>(6,982)</u>	<u>(581,683)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	6,611
Transfers in	-	-	-	-	-	60,000
Transfers out	-	-	-	-	-	(60,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,611</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,000</u>	<u>14,082</u>	<u>(12,876)</u>	<u>(32)</u>	<u>(6,982)</u>	<u>(575,072)</u>
Cash and investments - ending	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ (12,876)</u>	<u>\$ (32)</u>	<u>\$ 21,011</u>	<u>\$ 3,183,830</u>

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 762,046</u>	<u>\$ 32,406</u>

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Miami Community School Building Corporation	2010 Sewage Plant Upgrade	\$ 70,000	6/30/2011	12/31/2021
North Miami Community School Building Corporation	2012 Building Project	<u>78,000</u>	7/15/2013	1/15/2026
Total of annual lease payments		<u>\$ 148,000</u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
Common School Loans	Energy Upgrade #A-0458	\$ 588,000
Common School Loans	Construction #A-0514	\$ 1,486,500
Common School Loans	Construction #A-0530	31,500
General Obligation Bonds	2002 Pension Bonds	190,000
General Obligation Bonds	2006 Pension Bonds	<u>1,065,000</u>
Totals		<u>\$ 3,361,000</u>
		<u>\$ 611,972</u>

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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	\$ 244,128
Buildings	15,586,926
Improvements other than Buildings	895,951
Machinery, equipment, and vehicles	<u>8,510,229</u>
Total capital assets	<u>\$ 25,237,234</u>

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 NORTH MIAMI COMMUNITY SCHOOLS, MIAMI COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North Miami 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 year ended June 30, 2015. 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 year ended June 30, 2015.

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 item 2015-004. 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 2015-003 and 2015-004 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 NOTE

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

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

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	Pass-Through To Subrecipient Expended	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster	Indiana Department of Education				
School Breakfast Program		10.553	FY 15	\$ -	\$ 42,634
National School Lunch Program		10.555	FY 15	-	171,557
National School Lunch Program - Commodities		10.555	FY 15	-	32,321
Total - National School Lunch Program				-	203,878
Total - Child Nutrition Cluster				-	246,512
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education				
Title I - 2013-2014		84.010	14-5620	-	30,353
Title I - 2014-2015			15-5620	-	122,853
Total - Title I Grants to Local Educational Agencies				-	153,206
Special Education Cluster	Indiana Department of Education				
Special Education _Grants to States					
FY 2013 Federal Part B 611 Grant		84.027	14213-037-PN01	-	1,853
FY 2014 Federal Part B 611 Grant			14214-037-PN01	-	178,214
FY 2014 Federal Technical Assistance Grant Part B Funds			99914-037-PN01-TA01	-	3,280
FY 2015 Federal Part B 611 Funds			14215-037-PN01	-	49,055
Total - Special Education _Grants to States				-	232,402
Special Education _Preschool Grants	Indiana Department of Education				
FY 2014 Federal Part B 619 Grant		84.173	45714-037-PN01	-	2,793
FY 2015 Federal Part B 619 Funds		84.173	45715-037-PN01	-	1,260
Total - Special Education _Preschool Grants				-	4,053
Total - Special Education Cluster				-	236,455
Improving Teacher Quality State Grants	Indiana Department of Education				
Title II A FY 2013		84.367	13-5620	-	25,927
Title II A FY 2014			14-5620	-	21,087
Total - Improving Teacher Quality State Grants				-	47,014
Total - Department of Education				-	436,675
Total federal awards expended				\$ -	\$ 683,187

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

NORTH MIAMI COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the year ended June 30, 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. *Special Education Cooperative*

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

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

1. Department of Agriculture federal expenditures were understated by \$203,878.
2. Commodities of \$32,321 for the National School Lunch Program were not included.

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

3. A state grant was incorrectly included overstating the SEFA by \$82,188.
4. Program names were not always correct.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

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

Cause

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

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Views of Responsible Officials

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

FINDING 2015-002 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts and disbursements, including vendor and payroll disbursements. These deficiencies constituted material weaknesses.

Lack of Segregation of Duties: The Treasurer or Deputy Treasurer independently received and recorded all receipts, prepared the deposit slip, and made the deposit for the School Corporation. The Treasurer also prepared the bank reconciliation. One employee also recorded all vendor and payroll disbursements. There was no segregation of duties.

Criteria

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)

Cause

Management of the School Corporation had not established a proper system of internal control that would have ensured accuracy in financial transactions and reporting.

Effect

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

Views of Responsible Officials

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

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

***FINDING 2015-003 - INTERNAL CONTROLS OVER 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 Numbers and Years (or Other Identifying Numbers): 14-5620, 15-5620

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system, which would have included, segregation of duties, related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability, Reporting, and Special Tests and Provisions - Comparability, Highly Qualified Teachers and Paraprofessionals, and Annual Report Card, High School Graduation Rate compliance requirements.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability

The School Corporation had not designed or implemented adequate policies and procedures to ensure that payroll disbursements were for activities and costs that were allowed for the program and were within the period of availability.

Cash Management and Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure there were controls to ensure that expenditures were made before reimbursement was requested or that the Reimbursement Forms and the Final Expenditure Reports were accurate prior to submission.

Special Tests and Provisions - Comparability

The School Corporation had not designed or implemented adequate policies and procedures to ensure there were controls to ensure that the Comparability Reports were accurate prior to submission.

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation had not designed or implemented adequate policies and procedures to ensure that Teachers and Paraprofessionals were highly qualified.

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that students were properly removed from the cohort.

Context

The lack of properly designed or implemented internal controls was systemic, occurring throughout the audit period.

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-004 - ELIGIBILITY

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5620, 15-5620
Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Eligibility compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the enrollment and poverty data for both public and nonpublic schools reported in the grant applications was accurate.

The Eligible School Summary portion of the Title I grant application reported the public enrollment, public poverty, non-public enrollment, and non-public poverty data. The enrollment records provided by the School Corporation did not agree with the Eligible School Summary for the 2015 program year.

Context

The records for the public school enrollment did not agree with the Eligible School Summary by 16 students. The public school poverty data did not agree with the Eligible School Summary by 5 students.

Criteria

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. . . ."

34 CFR 76.700 states:

"A State and a subgrantee shall comply with the State plan and applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications."

34 CFR 200.78(a)(1) states in part:

"An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school."

NORTH MIAMI COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



North Miami Community Schools

394 E. County Rd. 900 North
Denver, IN 46926
Telephone: 765.985.3891 Fax: 765.985.3904



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: 2013-2014
Pass-Through Entity: Title I Grants, Indiana Department of Education
Contact Person Responsible for Corrective Action: Krista Warder, Treasurer
Contact Phone Number: 765-985-3891

Status of Audit Finding: We are in the process of putting an Internal Controls plan into place to ensure more segregation of duties. Policies and procedures will be updated and taken to the school board for approval as soon as possible. During the 2015-2016 school year highly qualified documentation for Teachers and Paraprofessionals have been presented to the Board prior to approval.

Krista Warder
Treasurer
6/23/16

Nick Eccles, Superintendent
Krista Warder, Treasurer
Serena Francis, Deputy Treasurer

Central Office
Rich Robins, Transportation
Peggy Owens, Secretary
Stephanie Owens, Food Service Director

Susan Hobson, Technology Director
Ryan Betzner, Maintenance Director



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Denver, IN 46926

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004

Fiscal year in which the finding initially occurred: 2013-2014

Pass-Through Entity: Title I Grants, Indiana Department of Education

Contact Person Responsible for Corrective Action: Krista Warder, Treasurer

Contact Phone Number: 765-985-3891

Status of Audit Finding: We are in the process of putting an Internal Controls plan into place to ensure more segregation of duties. Policies and procedures will be updated and taken to the school board for approval as soon as possible. In August 2014 we employed a Student Information Specialist to help insure that our enrollment figures are accurate.

Krista Warder

Treasurer

6/23/16

Nick Eccles, Superintendent
Krista Warder, Treasurer
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CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Krista Warder, Treasurer

Contact Phone Number: 765-985-3891

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The North Miami Community Schools are in the process of training staff members on Internal Controls. We are also putting an Internal Controls plan into place to ensure more segregation of duties.

Anticipated Completion Date: July 29, 2016

Krista Warder
Treasurer

June 23, 2016

Central Office

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Krista Warder, Treasurer
Serena Francis, Deputy Treasurer

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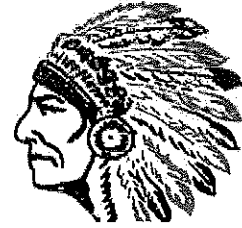


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CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Krista Warder, Treasurer

Contact Phone Number: 765-985-3891

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The North Miami Community Schools are in the process of training staff members on Internal Controls. We are also putting an Internal Controls plan into place to ensure more segregation of duties.

Anticipated Completion Date: July 29, 2016

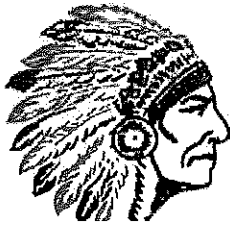
Krista Warder
Treasurer

June 23, 2016

Nick Eccles, Superintendent
Krista Warder, Treasurer
Serena Francis, Deputy Treasurer

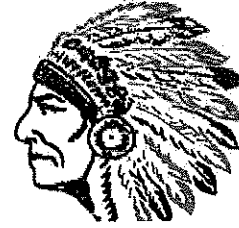
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CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Krista Warder, Treasurer
Contact Phone Number: 765-985-3891

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The North Miami Community Schools are in the process of training staff members on Internal Controls. We are also putting an Internal Controls plan into place to ensure more segregation of duties. Policies and procedures will also be updated.

Anticipated Completion Date: August 31, 2016

Krista Warder
Treasurer

June 23, 2016

Nick Eccles, Superintendent
Krista Warder, Treasurer
Serena Francis, Deputy Treasurer

Central Office
Rich Robins, Transportation
Peggy Owens, Secretary
Stephanie Owens, Food Service Director

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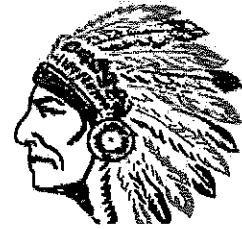


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CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Krista Warder, Treasurer

Contact Phone Number: 765-985-3891

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The North Miami Community Schools are in the process of training staff members on Internal Controls. We are also putting an Internal Controls plan into place to ensure more segregation of duties. Policies and procedures will also be updated. We have also employed a Student Information Specialist to help insure that our enrollment figures are accurate.

Anticipated Completion Date: August 31, 2016

Krista Warder
Treasurer

June 23, 2016

Nick Eccles, Superintendent
Krista Warder, Treasurer
Sreana Francis, Deputy Treasurer

Central Office
Rich Robins, Transportation
Peggy Owens, Secretary
Stephanie Owens, Food Service Director

Susan Hobson, Technology Director
Ryan Betzner, Maintenance Director

OTHER REPORTS

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