

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF WABASH COUNTY
WABASH COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
04/21/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dr. Brian K. Dawson Mike Keaffaber	07-01-13 to 06-30-15 07-01-15 to 06-30-16
Superintendent of Schools	Dr. Sandra Weaver	07-01-13 to 06-30-16
President of the School Board	Matthew P. Driscoll	01-08-13 to 12-31-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL
DISTRICT OF WABASH COUNTY, WABASH COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of Wabash County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to 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 period of July 1, 2013 to 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 period of July 1, 2013 to 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 Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, 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 February 9, 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

February 9, 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 METROPOLITAN SCHOOL
DISTRICT OF WABASH COUNTY, WABASH 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 Metropolitan School District of Wabash County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated February 9, 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.

Metropolitan School District of Wabash County's 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

February 9, 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.

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METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2014 and 2015

	Cash and Investments		Other Financing		Cash and Investments		Other Financing		Cash and Investments	
	07-01-13	Receipts	Disbursements	Sources (Uses)	06-30-14	Receipts	Disbursements	Sources (Uses)	06-30-15	
General	\$ (88,344)	\$ 14,077,828	\$ 14,333,017	\$ -	\$ (343,533)	\$ 14,696,258	\$ 14,308,496	\$ -	\$ 44,229	
Debt Service	1,389,678	2,092,451	1,982,020	118,975	1,619,084	1,755,845	1,988,076	(65,797)	1,321,056	
Retirement/Severance Bond Debt Service	219,931	254,300	339,544	-	134,687	356,081	335,915	-	154,853	
Capital Projects	452,381	3,382,855	3,038,213	115,952	912,975	3,100,218	3,102,945	8,200	918,448	
School Transportation	387,728	1,520,895	1,387,365	64,458	585,716	1,717,038	1,576,351	63,305	789,708	
School Bus Replacement	952,640	417,482	685,252	35,027	719,897	293,645	82,801	-	930,741	
Rainy Day	-	-	-	-	-	-	108,424	403,662	295,238	
Retirement/Severance Bond	403,662	-	-	-	403,662	-	-	(403,662)	-	
Construction	100,831	-	98,616	-	2,215	-	360	-	1,855	
School Lunch	580,603	799,689	931,392	-	448,900	828,363	1,226,664	-	50,599	
Textbook Rental	496,274	362,665	126,710	-	732,229	324,712	118,203	65,797	1,004,535	
Self-Insurance	52,453	2,452,990	3,541,642	-	(1,036,199)	2,803,283	3,470,077	-	(1,702,993)	
Levy Excess	63,051	-	-	-	63,051	-	-	(63,051)	-	
Joint Services and Supply - Special Education Cooperative	736,080	1,691,027	1,775,094	-	652,013	1,781,371	1,743,110	62,000	752,274	
Child Development	(1,195,371)	1,021,384	767,358	-	(941,345)	743,211	732,034	-	(930,168)	
WMAP Preschool	183,895	195,443	239,662	-	139,676	221,628	235,771	-	125,533	
Early Intervention Grant	-	20,000	20,030	-	(30)	30	-	-	-	
Early Literacy 2015	-	-	-	-	-	19,100	19,100	-	-	
Scholarships and Awards	-	500	500	-	-	500	500	-	-	
Awards Students and Employees	1,210	345	3,542	3,800	1,813	-	2,395	3,800	3,218	
NHS D. Walker Scholarship	100	-	-	-	100	-	-	-	100	
Miscellaneous Programs	3,212	15,000	14,412	(3,800)	-	15,000	8,453	(3,800)	2,747	
Well Fargo Grant	20,890	8,000	8,712	7,021	27,199	1,132	5,567	7,515	30,279	
WMAP Miscellaneous Donations	2,510	35,256	15,256	-	22,510	-	-	-	22,510	
Miscellaneous Donations	8,127	50,961	7,190	-	51,898	20,000	-	-	71,898	
Benevolent	3,050	3,074	30	-	6,094	3,294	30	-	9,358	
Discover Brighter Future	510	-	-	-	510	-	510	-	-	
Beginnergarten Summer Program	(4,500)	23,500	12,758	-	6,242	2,000	12,931	-	(4,689)	
High Ability Grant 12/13	7,922	-	7,922	-	-	-	-	-	-	
High Ability Grant 13/14	-	32,990	26,874	-	6,116	-	6,116	-	-	
High Ability Grant 14/15	-	-	-	-	-	33,668	27,762	-	5,906	
Non-English Speaking 11/12	119	-	119	-	-	-	-	-	-	
Non-English Speaking 14/15	-	-	-	-	-	824	-	-	824	
School Technology	24,452	3,446	27,417	60	541	3,810	1,607	-	2,744	
Senator David Ford Technology	(6,442)	104,342	108,061	-	(10,161)	23,397	13,236	-	-	
Excess PTRC Distributions	103,205	217,081	-	(320,286)	-	-	-	-	-	
Miscellaneous Income Sale of Property	-	-	-	-	-	-	-	370	370	
Title I MSD 12/13	(16,400)	49,512	33,112	-	-	-	-	-	-	
Title I MSD 13/14	-	149,290	162,337	-	(13,047)	58,942	45,895	-	-	
Title I MSD 14/15	-	-	-	-	-	155,105	164,207	-	(9,102)	
Title I Whites 12/13	(25,959)	96,930	70,971	-	-	-	-	-	-	
Title I Whites 13/14	-	115,626	112,073	-	3,553	2,673	6,226	-	-	
Title I Whites 14/15	-	-	-	-	-	104,203	107,445	-	(3,242)	
14212-058-PN01 11/12	(10,311)	114,469	104,158	-	-	-	-	-	-	
14213-058-PN01 12/13	(77,335)	500,746	438,056	-	(14,645)	25,438	10,793	-	-	
(IDEA, Part B) LEA Capacity Building (Silver) Grants	-	1,289,221	1,361,978	-	(72,757)	466,448	396,239	-	(2,548)	
(IDEA, Part B) LEA Capacity Building (Silver) Grants 14/15	-	-	-	-	-	1,278,787	1,354,155	-	(75,368)	
Preschool 12/13	(3,207)	31,483	28,276	-	-	-	-	-	-	
WMAP Preschool 13/14	-	38,569	41,910	-	(3,341)	32,511	29,170	-	-	
Preschool 14/15	-	-	-	-	-	39,551	42,904	-	(3,353)	
Technology Related Assistance for Individuals With Disabilities	-	17,648	17,648	-	-	26,472	26,472	-	-	
Improving Teaching Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	11,919	-	(11,919)	
T-II Part A (HQ) 11/12	679	-	679	-	-	-	-	-	-	
T-II Part A (HQ) 12/13	(3,552)	59,675	56,123	-	-	-	-	-	-	
T-II Part A (HQ) 13/14	-	25,372	21,378	-	3,994	35,738	39,732	-	-	
Improving Teaching Quality, No Child Left, Title II, Part A 14/15	-	-	11,565	-	(11,565)	14,635	3,070	-	-	
T-II Part A (HQ) 14/15	-	-	-	-	-	29,657	31,980	-	(2,323)	
Limited English Grant	1,374	-	756	-	618	-	523	-	95	
Clearing	157,811	14,134,255	14,115,841	-	176,225	14,246,461	14,113,525	-	309,161	
Totals	\$ 4,922,957	\$ 45,406,300	\$ 46,075,569	\$ 21,207	\$ 4,274,895	\$ 45,261,029	\$ 45,511,689	\$ 78,339	\$ 4,102,574	

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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 may 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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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.

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

Other receipts 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 may 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:

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in 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 cash flow projections that were not accurate (General fund). The Self-Insurance fund was not properly funded.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into a capital lease with MSD of Wabash Building Corporation, and MSD of Wabash County Multi-School Building Corporation (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 lessors have been determined to be related parties of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$1,974,700 and \$1,980,100, respectively.

Note 9. *Subsequent Events*

On November 18, 2015, the School Corporation sold \$3,210,000 of bonds through the MSD of Wabash County Multi-School Building Corporation. The purpose of the bond issue is to perform repairs and maintenance on the schools within the district. The issue matures on January 15, 2019.

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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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 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	School Lunch
Cash and investments - beginning	\$ (88,344)	\$ 1,389,678	\$ 219,931	\$ 452,381	\$ 387,728	\$ 952,640	\$ -	\$ 403,662	\$ 100,831	\$ 580,603
Receipts:										
Local sources	725,511	2,092,451	181,923	2,160,616	1,215,212	417,482	-	-	-	394,810
Intermediate sources	171	-	-	-	-	-	-	-	-	-
State sources	13,288,833	-	-	-	-	-	-	-	-	10,262
Federal sources	-	-	-	-	-	-	-	-	-	390,241
Temporary loans	-	-	-	1,218,724	288,684	-	-	-	-	-
Other	63,313	-	72,377	3,515	16,999	-	-	-	-	4,376
Total receipts	14,077,828	2,092,451	254,300	3,382,855	1,520,895	417,482	-	-	-	799,689
Disbursements:										
Current:										
Instruction	10,260,565	-	-	-	-	-	-	-	-	-
Support services	3,835,770	-	-	1,214,568	1,301,590	685,252	-	-	1,399	7,237
Noninstructional services	236,682	-	-	-	-	-	-	-	-	917,155
Facilities acquisition and construction	-	-	-	689,305	-	-	-	-	97,217	7,000
Debt services	-	1,982,020	339,544	1,134,340	85,775	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	14,333,017	1,982,020	339,544	3,038,213	1,387,365	685,252	-	-	98,616	931,392
Excess (deficiency) of receipts over disbursements	(255,189)	110,431	(85,244)	344,642	133,530	(267,770)	-	-	(98,616)	(131,703)
Other financing sources (uses):										
Sale of capital assets	-	-	-	1,235	241	12,650	-	-	-	-
Transfers in	-	118,975	-	114,717	64,217	22,377	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	118,975	-	115,952	64,458	35,027	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(255,189)	229,406	(85,244)	460,594	197,988	(232,743)	-	-	(98,616)	(131,703)
Cash and investments - ending	\$ (343,533)	\$ 1,619,084	\$ 134,687	\$ 912,975	\$ 585,716	\$ 719,897	\$ -	\$ 403,662	\$ 2,215	\$ 448,900

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	Child Development	WMAP Preschool	Early Intervention Grant	Early Literacy 2015	Scholarships and Awards	Awards Students and Employees
Cash and investments - beginning	\$ 496,274	\$ 52,453	\$ 63,051	\$ 736,080	\$ (1,195,371)	\$ 183,895	\$ -	\$ -	\$ -	\$ 1,210
Receipts:										
Local sources	238,781	2,452,990	-	1,690,517	793,956	195,443	-	-	500	-
Intermediate sources	-	-	-	-	197,745	-	-	-	-	-
State sources	70,853	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	53,031	-	-	510	29,683	-	20,000	-	-	345
Total receipts	362,665	2,452,990	-	1,691,027	1,021,384	195,443	20,000	-	500	345
Disbursements:										
Current:										
Instruction	-	-	-	668,664	339,877	103,944	20,030	-	-	3,542
Support services	126,710	20,765	-	1,076,163	419,084	133,197	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	12,001	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,520,877	-	18,266	8,397	2,521	-	-	500	-
Total disbursements	126,710	3,541,642	-	1,775,094	767,358	239,662	20,030	-	500	3,542
Excess (deficiency) of receipts over disbursements	235,955	(1,088,652)	-	(84,067)	254,026	(44,219)	(30)	-	-	(3,197)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	3,800
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	3,800
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	235,955	(1,088,652)	-	(84,067)	254,026	(44,219)	(30)	-	-	603
Cash and investments - ending	\$ 732,229	\$ (1,036,199)	\$ 63,051	\$ 652,013	\$ (941,345)	\$ 139,676	\$ (30)	\$ -	\$ -	\$ 1,813

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	NHS D. Walker Scholarship	Miscellaneous Programs	Wells Fargo Grant	WMAP Miscellaneous Donations	Miscellaneous Donations	Benevolent	Discover Brighter Future	Beginnergarten Summer Program	High Ability Grant 12/13	High Ability Grant 13/14
Cash and investments - beginning	\$ 100	\$ 3,212	\$ 20,890	\$ 2,510	\$ 8,127	\$ 3,050	\$ 510	\$ (4,500)	\$ 7,922	\$ -
Receipts:										
Local sources	-	15,000	8,000	35,256	50,961	3,074	-	23,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	32,990
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	15,000	8,000	35,256	50,961	3,074	-	23,500	-	32,990
Disbursements:										
Current:										
Instruction	-	-	8,712	9,256	6,682	-	-	12,758	7,922	26,874
Support services	-	6,212	-	6,000	508	-	-	-	-	-
Noninstructional services	-	8,200	-	-	-	30	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	14,412	8,712	15,256	7,190	30	-	12,758	7,922	26,874
Excess (deficiency) of receipts over disbursements	-	588	(712)	20,000	43,771	3,044	-	10,742	(7,922)	6,116
Other financing sources (uses):										
Sale of capital assets	-	-	7,021	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(3,800)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(3,800)	7,021	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,212)	6,309	20,000	43,771	3,044	-	10,742	(7,922)	6,116
Cash and investments - ending	\$ 100	\$ -	\$ 27,199	\$ 22,510	\$ 51,898	\$ 6,094	\$ 510	\$ 6,242	\$ -	\$ 6,116

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	High Ability Grant 14/15	Non-English Speaking 11/12	Non-English Speaking 14/15	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Miscellaneous Income Sale of Property	Title I MSD 12/13	Title I MSD 13/14	Title I MSD 14/15
Cash and investments - beginning	\$ -	\$ 119	\$ -	\$ 24,452	\$ (6,442)	\$ 103,205	\$ -	\$ (16,400)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	217,081	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	104,342	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	49,512	149,290	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	3,446	-	-	-	-	-	-
Total receipts	-	-	-	3,446	104,342	217,081	-	49,512	149,290	-
Disbursements:										
Current:										
Instruction	-	119	-	-	37,738	-	-	33,112	161,372	-
Support services	-	-	-	27,417	70,323	-	-	-	965	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	119	-	27,417	108,061	-	-	33,112	162,337	-
Excess (deficiency) of receipts over disbursements	-	(119)	-	(23,971)	(3,719)	217,081	-	16,400	(13,047)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	60	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(320,286)	-	-	-	-
Total other financing sources (uses)	-	-	-	60	-	(320,286)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(119)	-	(23,911)	(3,719)	(103,205)	-	16,400	(13,047)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 541	\$ (10,161)	\$ -	\$ -	\$ -	\$ (13,047)	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title I Whites 12/13	Title I Whites 13/14	Title I Whites 14/15	14212-058-PN01 11/12	14213-058-PN01 12/13	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants 14/15	Preschool 12/13	WMAP Preschool 13/14	Preschool 14/15
Cash and investments - beginning	\$ (25,959)	\$ -	\$ -	\$ (10,311)	\$ (77,335)	\$ -	\$ -	\$ (3,207)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	96,930	115,626	-	114,469	500,746	1,289,221	-	31,483	38,569	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	96,930	115,626	-	114,469	500,746	1,289,221	-	31,483	38,569	-
Disbursements:										
Current:										
Instruction	68,740	111,913	-	30,446	271,847	612,253	-	28,276	41,910	-
Support services	-	160	-	73,712	166,209	732,925	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	16,800	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	2,231	-	-	-	-	-	-	-	-	-
Total disbursements	70,971	112,073	-	104,158	438,056	1,361,978	-	28,276	41,910	-
Excess (deficiency) of receipts over disbursements	25,959	3,553	-	10,311	62,690	(72,757)	-	3,207	(3,341)	-
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	25,959	3,553	-	10,311	62,690	(72,757)	-	3,207	(3,341)	-
Cash and investments - ending	\$ -	\$ 3,553	\$ -	\$ -	\$ (14,645)	\$ (72,757)	\$ -	\$ -	\$ (3,341)	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Technology Related Assistance for Individuals With Disabilities	Improving Teaching Quality, No Child Left, Title II, Part A	T-II Part A (HQ) 11/12	T-II Part A (HQ) 12/13	T-II Part A (HQ) 13-14	Improving Teaching Quality, No Child Left, Title II, Part A 14/15	T-II Part A (HQ) 14-15	Limited English Grant	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 679	\$ (3,552)	\$ -	\$ -	\$ -	\$ 1,374	\$ 157,811	\$ 4,922,957
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	12,913,064
Intermediate sources	-	-	-	-	-	-	-	-	-	197,916
State sources	-	-	-	-	-	-	-	-	-	13,507,280
Federal sources	17,648	-	-	59,675	25,372	-	-	-	-	2,878,782
Temporary loans	-	-	-	-	-	-	-	-	-	1,507,408
Other	-	-	-	-	-	-	-	-	14,134,255	14,401,850
Total receipts	17,648	-	-	59,675	25,372	-	-	-	14,134,255	45,406,300
Disbursements:										
Current:										
Instruction	11,110	-	-	-	-	-	-	756	-	12,878,418
Support services	6,538	-	679	55,889	17,944	11,565	-	-	-	9,998,781
Noninstructional services	-	-	-	-	-	-	-	-	-	1,162,067
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	822,323
Debt services	-	-	-	-	-	-	-	-	-	3,541,679
Nonprogrammed charges	-	-	-	234	3,434	-	-	-	14,115,841	17,672,301
Total disbursements	17,648	-	679	56,123	21,378	11,565	-	756	14,115,841	46,075,569
Excess (deficiency) of receipts over disbursements	-	-	(679)	3,552	3,994	(11,565)	-	(756)	18,414	(669,269)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	21,207
Transfers in	-	-	-	-	-	-	-	-	-	324,086
Transfers out	-	-	-	-	-	-	-	-	-	(324,086)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	21,207
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(679)	3,552	3,994	(11,565)	-	(756)	18,414	(648,062)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 3,994	\$ (11,565)	\$ -	\$ 618	\$ 176,225	\$ 4,274,895

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 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	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ (343,533)	\$ 1,619,084	\$ 134,687	\$ 912,975	\$ 585,716	\$ 719,897	\$ -	\$ 403,662	\$ 2,215	\$ 448,900
Receipts:										
Local sources	879,221	1,755,845	283,289	2,257,588	1,320,567	293,645	-	-	-	405,061
Intermediate sources	155	-	-	-	-	-	-	-	-	-
State sources	13,815,765	-	-	-	-	-	-	-	-	8,861
Federal sources	-	-	-	-	-	-	-	-	-	412,432
Temporary loans	-	-	-	830,528	370,723	-	-	-	-	-
Other	1,117	-	72,792	12,102	25,748	-	-	-	-	2,009
Total receipts	14,696,258	1,755,845	356,081	3,100,218	1,717,038	293,645	-	-	-	828,363
Disbursements:										
Current:										
Instruction	10,134,167	-	-	-	-	-	45,379	-	-	-
Support services	3,855,872	-	-	1,049,953	1,246,264	82,801	63,045	-	-	110,823
Noninstructional services	318,457	-	-	-	-	-	-	-	-	1,115,841
Facilities acquisition and construction	-	-	-	1,198,196	-	-	-	-	360	-
Debt services	-	1,988,076	335,915	854,796	330,087	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	14,308,496	1,988,076	335,915	3,102,945	1,576,351	82,801	108,424	-	360	1,226,664
Excess (deficiency) of receipts over disbursements	387,762	(232,231)	20,166	(2,727)	140,687	210,844	(108,424)	-	(360)	(398,301)
Other financing sources (uses):										
Sale of capital assets	-	-	-	8,200	254	-	-	-	-	-
Transfers in	-	-	-	-	63,051	-	403,662	-	-	-
Transfers out	-	(65,797)	-	-	-	-	-	(403,662)	-	-
Total other financing sources (uses)	-	(65,797)	-	8,200	63,305	-	403,662	(403,662)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	387,762	(298,028)	20,166	5,473	203,992	210,844	295,238	(403,662)	(360)	(398,301)
Cash and investments - ending	\$ 44,229	\$ 1,321,056	\$ 154,853	\$ 918,448	\$ 789,708	\$ 930,741	\$ 295,238	\$ -	\$ 1,855	\$ 50,599

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	Child Development	WMAP Preschool	Early Intervention Grant	Early Literacy 2015	Scholarships and Awards	Awards Students and Employees
Cash and investments - beginning	\$ 732,229	\$ (1,036,199)	\$ 63,051	\$ 652,013	\$ (941,345)	\$ 139,676	\$ (30)	\$ -	\$ -	\$ 1,813
Receipts:										
Local sources	193,633	2,803,283	-	1,781,141	538,942	221,628	-	-	500	-
Intermediate sources	-	-	-	-	185,191	-	-	-	-	-
State sources	71,847	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	59,232	-	-	230	19,078	-	30	19,100	-	-
Total receipts	324,712	2,803,283	-	1,781,371	743,211	221,628	30	19,100	500	-
Disbursements:										
Current:										
Instruction	-	-	-	739,769	354,881	99,983	-	19,100	-	2,395
Support services	118,203	15,598	-	979,370	368,758	133,182	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	4,821	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,454,479	-	19,150	8,395	2,606	-	-	500	-
Total disbursements	118,203	3,470,077	-	1,743,110	732,034	235,771	-	19,100	500	2,395
Excess (deficiency) of receipts over disbursements	206,509	(666,794)	-	38,261	11,177	(14,143)	30	-	-	(2,395)
Other financing sources (uses):										
Sale of capital assets	-	-	-	62,000	-	-	-	-	-	-
Transfers in	65,797	-	-	-	-	-	-	-	-	3,800
Transfers out	-	-	(63,051)	-	-	-	-	-	-	-
Total other financing sources (uses)	65,797	-	(63,051)	62,000	-	-	-	-	-	3,800
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	272,306	(666,794)	(63,051)	100,261	11,177	(14,143)	30	-	-	1,405
Cash and investments - ending	\$ 1,004,535	\$ (1,702,993)	\$ -	\$ 752,274	\$ (930,168)	\$ 125,533	\$ -	\$ -	\$ -	\$ 3,218

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	NHS D. Walker Scholarship	Miscellaneous Programs	Wells Fargo Grant	WMAP Miscellaneous Donations	Miscellaneous Donations	Benevolent	Discover Brighter Future	Beginnergarten Summer Program	High Ability Grant 12/13	High Ability Grant 13/14
Cash and investments - beginning	\$ 100	\$ -	\$ 27,199	\$ 22,510	\$ 51,898	\$ 6,094	\$ 510	\$ 6,242	\$ -	\$ 6,116
Receipts:										
Local sources	-	15,000	-	-	20,000	3,294	-	2,000	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	1,132	-	-	-	-	-	-	-
Total receipts	-	15,000	1,132	-	20,000	3,294	-	2,000	-	-
Disbursements:										
Current:										
Instruction	-	-	5,567	-	-	-	510	12,931	-	6,116
Support services	-	253	-	-	-	-	-	-	-	-
Noninstructional services	-	8,200	-	-	-	30	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	8,453	5,567	-	-	30	510	12,931	-	6,116
Excess (deficiency) of receipts over disbursements	-	6,547	(4,435)	-	20,000	3,264	(510)	(10,931)	-	(6,116)
Other financing sources (uses):										
Sale of capital assets	-	-	7,515	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(3,800)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(3,800)	7,515	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,747	3,080	-	20,000	3,264	(510)	(10,931)	-	(6,116)
Cash and investments - ending	\$ 100	\$ 2,747	\$ 30,279	\$ 22,510	\$ 71,898	\$ 9,358	\$ -	\$ (4,689)	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	High Ability Grant 14/15	Non-English Speaking 11/12	Non-English Speaking 14/15	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Miscellaneous Income Sale of Property	Title I MSD 12/13	Title I MSD 13/14	Title I MSD 14/15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 541	\$ (10,161)	\$ -	\$ -	\$ -	\$ (13,047)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	33,668	-	824	-	23,397	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	58,942	155,105
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	3,810	-	-	-	-	-	-
Total receipts	<u>33,668</u>	<u>-</u>	<u>824</u>	<u>3,810</u>	<u>23,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,942</u>	<u>155,105</u>
Disbursements:										
Current:										
Instruction	27,762	-	-	-	-	-	-	-	45,895	163,183
Support services	-	-	-	1,607	13,236	-	-	-	-	1,024
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>27,762</u>	<u>-</u>	<u>-</u>	<u>1,607</u>	<u>13,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,895</u>	<u>164,207</u>
Excess (deficiency) of receipts over disbursements	<u>5,906</u>	<u>-</u>	<u>824</u>	<u>2,203</u>	<u>10,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,047</u>	<u>(9,102)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	370	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,906</u>	<u>-</u>	<u>824</u>	<u>2,203</u>	<u>10,161</u>	<u>-</u>	<u>370</u>	<u>-</u>	<u>13,047</u>	<u>(9,102)</u>
Cash and investments - ending	<u>\$ 5,906</u>	<u>\$ -</u>	<u>\$ 824</u>	<u>\$ 2,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,102)</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Title I Whites 12/13	Title I Whites 13/14	Title I Whites 14/15	14212-058-PN01 11/12	14213-058-PN01 12/13	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants 14/15	Preschool 12/13	WMAP Preschool 13/14	Preschool 14/15
Cash and investments - beginning	\$ -	\$ 3,553	\$ -	\$ -	\$ (14,645)	\$ (72,757)	\$ -	\$ -	\$ (3,341)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	2,673	104,203	-	25,438	466,448	1,278,787	-	32,511	39,551
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	2,673	104,203	-	25,438	466,448	1,278,787	-	32,511	39,551
Disbursements:										
Current:										
Instruction	-	4,364	105,651	-	6,734	240,367	652,160	-	29,170	42,904
Support services	-	-	294	-	4,059	155,872	685,195	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	16,800	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,862	1,500	-	-	-	-	-	-	-
Total disbursements	-	6,226	107,445	-	10,793	396,239	1,354,155	-	29,170	42,904
Excess (deficiency) of receipts over disbursements	-	(3,553)	(3,242)	-	14,645	70,209	(75,368)	-	3,341	(3,353)
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	-	(3,553)	(3,242)	-	14,645	70,209	(75,368)	-	3,341	(3,353)
Cash and investments - ending	\$ -	\$ -	\$ (3,242)	\$ -	\$ -	\$ (2,548)	\$ (75,368)	\$ -	\$ -	\$ (3,353)

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Technology Related Assistance for Individuals With Disabilities	Improving Teaching Quality, No Child Left, Title II, Part A	T-II Part A (HQ) 11/12	T-II Part A (HQ) 12/13	T-II Part A (HQ) 13/14	Improving Teaching Quality, No Child Left, Title II, Part A 14/15	T-II Part A (HQ) 14/15	Limited English Grant	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 3,994	\$ (11,565)	\$ -	\$ 618	\$ 176,225	\$ 4,274,895
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	12,774,637
Intermediate sources	-	-	-	-	-	-	-	-	-	185,346
State sources	-	-	-	-	-	-	-	-	-	13,954,362
Federal sources	26,472	-	-	-	35,738	14,635	29,657	-	-	2,682,592
Temporary loans	-	-	-	-	-	-	-	-	-	1,201,251
Other	-	-	-	-	-	-	-	-	14,246,461	14,462,841
Total receipts	<u>26,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,738</u>	<u>14,635</u>	<u>29,657</u>	<u>-</u>	<u>14,246,461</u>	<u>45,261,029</u>
Disbursements:										
Current:										
Instruction	15,557	-	-	-	-	-	-	523	-	12,755,068
Support services	10,915	11,919	-	-	39,732	3,070	31,980	-	-	8,983,025
Noninstructional services	-	-	-	-	-	-	-	-	-	1,442,528
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,220,177
Debt services	-	-	-	-	-	-	-	-	-	3,508,874
Nonprogrammed charges	-	-	-	-	-	-	-	-	14,113,525	17,602,017
Total disbursements	<u>26,472</u>	<u>11,919</u>	<u>-</u>	<u>-</u>	<u>39,732</u>	<u>3,070</u>	<u>31,980</u>	<u>523</u>	<u>14,113,525</u>	<u>45,511,689</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(11,919)</u>	<u>-</u>	<u>-</u>	<u>(3,994)</u>	<u>11,565</u>	<u>(2,323)</u>	<u>(523)</u>	<u>132,936</u>	<u>(250,660)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	78,339
Transfers in	-	-	-	-	-	-	-	-	-	536,310
Transfers out	-	-	-	-	-	-	-	-	-	(536,310)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,339</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(11,919)</u>	<u>-</u>	<u>-</u>	<u>(3,994)</u>	<u>11,565</u>	<u>(2,323)</u>	<u>(523)</u>	<u>132,936</u>	<u>(172,321)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (11,919)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,323)</u>	<u>\$ 95</u>	<u>\$ 309,161</u>	<u>\$ 4,102,574</u>

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METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
MSD of Wabash Building Corporation	Remodel of Southwood HS/Northfield HS/Southwood Elementary	\$ 872,900	1/1/2008	7/1/2017
MSD of Wabash County Multi-School Building Corporation	Technology Infrastructure of LaFontaine/Metro North/Sharp Creek/ Southwood Elem/Northfield/Southwood HS	857,000	6/30/2013	12/31/2016
MSD of Wabash County Multi-School Building Corporation	Remodel of Southwood/Northfield/Metro North	850,000	6/30/2012	12/31/2022
Suntrust Leasing Corporation	HVAC Upgrade Northfield/Southwood	<u>686,114</u>	1/15/2008	7/15/2017
Total of annual lease payments		<u>\$ 3,266,014</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General Obligation Bonds	School Severance Taxable Program, Series 2013	<u>\$ 1,060,000</u>	<u>\$ 170,037</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL
DISTRICT OF WABASH COUNTY, WABASH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Wabash County's (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, 2013 to 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 period of July 1, 2013 to 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 items 2015-004, 2015-005, 2015-007, and 2015-008. 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, 2015-004, 2015-005, 2015-006, 2015-007, and 2015-008 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 approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 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	Total Federal Awards Expended 06-30-14	Total Federal Awards Expended 06-30-15
<u>DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY13-14/14-15	\$ 59,651	\$ 60,582
National School Lunch Program	Indiana Department of Education	10.555	13-14/14-15	391,115	406,322
Summer Food Service Program for Children	Indiana Department of Education	10.559	13-14/14-15	3,782	3,233
Total - Child Nutrition Cluster				454,548	470,137
Total - Department of Agriculture				454,548	470,137
<u>DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			MSD 12/13	49,512	-
			MSD 13/14	149,290	58,942
			MSD 14/15	-	155,105
			White's 12/13	96,930	-
			White's 13/14	115,626	2,673
			White's 14/15	-	104,203
Total - Title I Grants to Local Educational Agencies				411,358	320,923
Total - Title I, Part A Cluster				411,358	320,923
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14212-058-PN01	34,205	-
			14213-058-PN01	145,992	7,416
			14214-058-PN01	373,638	135,185
			14215-058-PN01	-	365,322
Technical Assistance Grant			99914-58-TA01	5,145	7,718
Total - Special Education - Grants to States				558,980	515,641
Special Education - Preschool Grants		84.173			
			45713-058-PN01	7,087	-
			45714-058-PN01	8,576	7,230
			45715-058-PN01	-	8,720
Total - Special Education - Preschool Grants				15,663	15,950
Total - Special Education Cluster (IDEA)				574,643	531,591
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			FY12/13	59,675	14,635
			FY13/14	25,372	35,738
			FY14/15	-	29,657
Total - Improving Teacher Quality State Grants				85,047	80,030
Total - Department of Education				1,071,048	932,544
Total federal awards expended				\$ 1,525,596	\$ 1,402,681

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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 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. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2014	For the Year Ended June 30, 2015
National School Lunch Program	10.555	\$ 64,307	\$ 57,705

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

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). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors:

- The Child Nutrition Cluster programs were not identified separately and commodities were not considered in reporting.
- Title I Grants to Local Educational Agencies and Improving Teacher Quality State Grants did not properly classify the programs.
- The Special Education Cluster (IDEA) programs were not properly reported.
- The School Corporation listed some grants that were not federal.

In total, the SEFA was under reported in FY 2014 by \$62,933 and over reported in FY 2015 by \$270,250. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2015-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts and cash. There was no segregation of duties, such as an oversight, review, or approval process. We noted the following deficiencies:

1. One individual is responsible for preparing the bank reconciliation. The same individual issues receipts and prepares the bank deposit.
2. Bank reconciliations were not being reviewed and approved by someone other than the person performing the depository reconciliations.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the financial statement 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 approval take place and to have a separation of functions over financial transactions and reporting. 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.

The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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)

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY13-14, FY14-15
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, such as an oversight, review, or approval process, related to the following compliance requirements that have a direct and material effect to the programs: Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Cash Management

Federal regulations require schools to maintain a food service balance less than or equal to 3 months average operating expenses. The School Corporation did not establish a control to ensure that the food service balance is less than or equal to 3 months average operating expenses.

Eligibility

A parent must file an application for their child to qualify for free or reduced price meals unless the child qualifies through direct certification. For applications filed, the Building Secretaries individually determine whether a child qualifies for free or reduced priced meals. There was no control in place to ensure determinations made for free or reduced price meals were correct.

Program Income

The School Board approved meal prices; however, there was no control in place to ensure that the prices approved were being correctly charged by the individual schools.

Reporting

The School Corporation must submit an Annual Financial Report, Subrecipient Special Reporting - Claim for Reimbursement, and Subrecipient Special Reporting - Verification Summary Report as required by the Indiana Department of Education. The individual preparing the reports submits the reports without a control in place to determine whether the reports were accurate.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal regulations require that schools select and verify a sample of their approved free and reduced price meal applications on file as of October 1. The Building Secretaries performed the verifications; however, there was no control in place to determine whether the verifications performed were correct.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 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 and implement controls, including segregation of duties, related to the grant agreement and compliance requirements noted above that have a direct and material effect on the programs.

FINDING 2015-004 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, Summer Food Service Program

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Number): FY 13-14 and FY 14-15

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 Equipment and Real Property Management compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and 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.

The School Corporation was required to maintain a listing of property purchased from the School Lunch fund. There was no control in place to ensure whether the property listing was prepared.

The School Corporation did not maintain a listing of equipment purchased from the School Lunch fund. Equipment totaling \$257,774 purchased from the School Lunch fund was not recorded in the equipment and property records of the School Corporation. A physical inventory of the equipment was not taken.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 3016.32(d) states:

"(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

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, review, 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."

Failure to maintain detailed and accurate property records and to reconcile physical inventory could result in equipment being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, and comply with the grant agreement and the Equipment and Real Property Management compliance requirements.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Number: 10.555, 10.553, 10.559

Federal Award Number and Year (or Other Identifying Number): FY 13-14, FY 14-15

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 Special Tests and Provisions - Paid Lunch Equity compliance requirements. 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.

Federal regulations require that schools annually review their paid lunch revenue to assure compliance with the Paid Lunch Equity requirement. Schools must calculate their weighted average price to determine if it has appropriately priced paid lunches. The School Corporation Treasurer calculates the weighted average price for the School Corporation; however, there is no control to ensure that the calculation was correct.

The School Corporation calculated, but did not retain, the calculation for paid lunch equity for school year 2013-2014. As a result, compliance with the compliance requirement could not be verified.

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) Calculation procedures. Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

7 CFR 210.15(b) states in part:

"(b) *Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to:

(6) Records to document compliance with the requirements in §210.14(e)"

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

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 and implement controls, including segregation of duties, and to ensure compliance with the grant agreement and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

***FINDING 2015-006 - INTERNAL CONTROL 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 Number and Year (or Other Identifying Number): MSD 12/13, MSD 13/14 and
MSD 14/15; White's 12/13, White's
13/14, White's 14/15

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, such as an oversight or approval process, related to the following compliance requirements that have a direct and material effect to the programs: Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals and Special Tests and Provisions - Annual Report Card, High School Graduation Rate. 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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals

The School Corporation has not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions for highly qualified teachers and paraprofessionals. The School Corporation has various employees responsible for ensuring that applicable staff were highly qualified; one for teachers and the other for paraprofessionals. An oversight, monitoring, or review process has not been established.

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

The School Corporation operated two high schools during the audit period. When a student was removed from the graduation rate cohort (due to a transfer out, emigrating to another country, or death), the removal was performed at the building level. The School Corporation did not have internal controls in place to ensure that written documentation was retained to confirm that a student should be removed from the cohort.

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 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 and implement controls, including segregation of duties, related to the grant agreement and compliance requirements noted above that have a direct and material effect on the program.

FINDING 2015-007 - REPORTING

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): MSD 12/13, MSD 13/14,
MSD 14/15; White's 12/13, White's
13/14, White's 14/15

Pass-Through Entity: Indiana Department of Education

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Reporting compliance requirements. 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.

The School Corporation submits Claims for Reimbursement and a Final Expenditure Report at the end of each grant to the Indiana Department of Education. There is no control in place to ensure that these reports are accurate. The Claims for Reimbursement tested did not agree with amounts disbursed per the financial records of the School Corporation. The Final Expenditure Reports were properly reported per the financial records of the School Corporation. The overall amount reimbursed for each award was in agreement with the total dollars expended.

34 CFR 80.20(b) states in part:

"The financial management system of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlay or expenditures, and income. . . .
- (4) *Budget control.* Actual expenditures or capital outlay must be compared with budgeted amounts for each grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

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."

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls enabled 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 and implement controls, including segregation of duties, and ensure compliance with the grant agreement and Reporting compliance requirements.

FINDING 2015-008 - CASH MANAGEMENT

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): MSD 12/13, MSD 13/14, MSD 14/15
White's 12/13, White's 13/14, White's
14/15

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 Cash Management compliance requirements. 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.

The School Corporation submits Claims for Reimbursement to the Indiana Department of Education. There is no control in place to ensure that these reports are accurate. The Claims for Reimbursement tested did not agree with amounts disbursed per the financial records of the School Corporation. The overall amount reimbursed for each award was in agreement with the total dollars expended.

34 CFR 80.20(b) states in part:

"The financial management system of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlay or expenditures, and income. . . .
- (4) *Budget control.* Actual expenditures or capital outlay must be compared with budgeted amounts for each grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

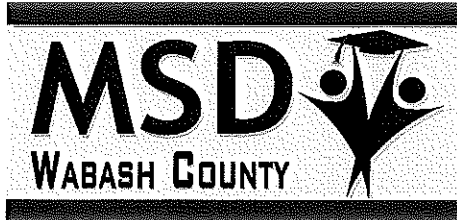
The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, to ensure compliance and comply with the grant agreement and Cash Management compliance requirements.

AUDITEE PREPARED DOCUMENT

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

Dr. Sandra Weaver
Superintendent
Mike Keaffaber
Assistant Superintendent
Dr. Melissa Brisco
Assistant Superintendent



204 N 300 W
Wabash, IN 46992
260.563.8050 P
260.569.6836 F
www.msdbc.k12.in.us

Metropolitan School District of Wabash County

CORRECTIVE ACTION PLANS

FINDING 2015-001

Contact Person Responsible for Corrective Actions: Mike Keaffaber
Contact Phone Number: (260) 563-8050, Option 7

Description of Corrective Action Plan:

The Assistant Superintendent of Finance (District Treasurer) when preparing the annual report, will utilize the business office staff to ensure that errors will be prevented, detected, and/or corrected.

Anticipated Completion Date:

Ongoing – the findings will require review of the various errors. The anticipated completion will be the summer of 2016, prior to the completion of the annual report.

FINDING 2015-002

Description of Corrective Action Plan:

The Assistant Superintendent of Finance (District Treasurer) will direct the business office staff to have a second staff member as part of the segregation of duties review the receipting, disbursing, recording, and accounting for the financial activities.

Anticipated Completion Date:

The procedures will be in place by March 31, 2016.

FINDING 2015-003

Description of Corrective Action Plan:

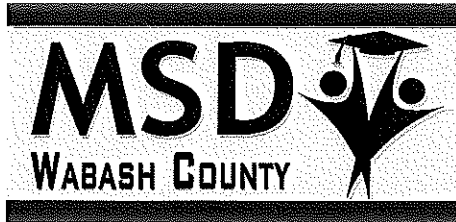
Cash Management

The Assistant Superintendent of Finance (District Treasurer) will direct the business office staff to ensure that the food service balance is less than or equal to three months average operating expenses by having a second staff member as part of the segregation of duties review the balance. Printed and signed.

Eligibility

The Assistant Superintendent of Finance (District Treasurer) will direct the school office staff to appoint a second person as part of the segregation of duties to ensure that a child qualifies for free or reduced meal prices. Printed and signed.

Dr. Sandra Weaver
Superintendent
Mike Keaffaber
Assistant Superintendent
Dr. Melissa Brisco
Assistant Superintendent



204 N 300 W
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Metropolitan School District of Wabash County

Program Income

The Assistant Superintendent of Finance (District Treasurer) will direct the school office staff and/or business office staff to ensure that the prices approved are correctly being charged by the individual schools as part of the segregation of duties. Printed and signed.

Reporting

The Assistant Superintendent of Finance (District Treasurer) will direct the business office staff completing the report to have another member of the staff as part of the segregation of duties to ensure that the reports are accurate. Printed and signed.

Special Tests and Provisions – Verification of Free and reduced Price Applications (NSLP)

The Assistant Superintendent of Finance (District Treasurer) will direct the business office staff to verify the building level treasurers' October 1 verifications as part of the segregation of duties for the free and reduced price applications. Printed and signed.

Anticipated Completion Date:

Ongoing – The findings will require continual internal controls to be implemented throughout the year. After meeting with all necessary staff members, the internal controls will be put in place by March 31, 2016.

FINDING 2015-004

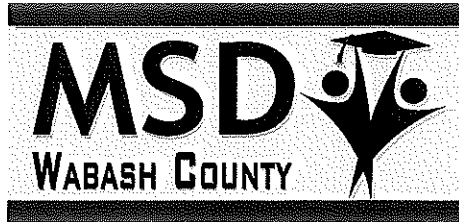
Description of Corrective Action Plan:

The Superintendent and Assistant Superintendent of Finance (District Treasurer) will review and/or propose a district policy for the equipment and real property management. After the policy has been reviewed and/or proposed to the School Board, a vendor and/or staff members will perform a physical inventory of the School Lunch Fund equipment. Printed and signed by two members of the staff or vendor as part of the segregation of duties.

Anticipated Completion Date:

Ongoing – The findings will require a continual inventory once the policy is put into practice. The policy will be in place by April 30 and the inventory completed by July 31, 2016.

Dr. Sandra Weaver
Superintendent
Mike Keaffaber
Assistant Superintendent
Dr. Melissa Brisco
Assistant Superintendent



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Metropolitan School District of Wabash County

FINDING 2015-005

Description of Corrective Action Plan:

The Assistant Superintendent of Finance (District Treasurer) will direct the business office staff to appoint a second person as part of the segregation of duties to review the Paid Lunch Equity tool to ensure the compliance with the grant agreement. Printed and signed.

Anticipated Completion Date:

The segregation of duties will be put in place prior to the Paid Lunch Equity tool completion for the summer 2016.

FINDING 2015-006

Description of Corrective Action Plan:

Highly Qualified Teachers and Paraprofessionals

The Superintendent, Assistant Superintendent of Finance (District Treasurer), Assistant Superintendent of Curriculum and Instruction (Title I coordinator), and business office will review the current procedures to ensure that all staff are highly qualified for Title I as part of the internal controls. Principals and the Director of Special Education will verify the highly qualified status of new hires and the business office will also verify. Printed and signed.

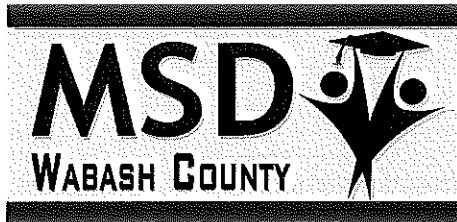
Annual Report Card, High School Graduation Rate

The Superintendent and Assistant Superintendent of Finance (District Treasurer) will direct the individual schools to review their procedures for the written documentation of students withdrawing from school and ensuring that two members of the staff verify the withdraw.

Anticipated Completion Date:

The procedures will be in place by March 31, 2016.

Dr. Sandra Weaver
Superintendent
Mike Keaffaber
Assistant Superintendent
Dr. Melissa Brisco
Assistant Superintendent



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FINDING 2015-007

Description of Corrective Action Plan:

The Assistant Superintendent of Finance (District Treasurer) and Assistant Superintendent of Curriculum and Instruction (Title I coordinator) will direct the business office staff to have another staff member review the Claims for Reimbursement and Final Expenditure reports as part of a new procedure. The standards included are: financial reporting, accounting records, budget control, and source documentation.

Anticipated Completion Date:

The procedures will be in place by March 31, 2016.

FINDING 2015-008

Description of Corrective Action Plan:

The Assistant Superintendent of Finance (District Treasurer) and Assistant Superintendent of Curriculum and Instruction (Title I Coordinator) will direct the business office staff to have another staff member review the Cash Management as part of a new procedure. The standards included are: financial reporting, accounting records, budget control, and source documentation.

Anticipated Completion Date:

The procedures will be in place by March 31, 2016.


(Signature)

Assistant Superintendent of Finance (Treasurer)
(Title)

2/9/16
(Date)

OTHER REPORTS

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