

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTHEASTERN WAYNE SCHOOL CORPORATION
WAYNE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
12/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kay Reed	07-01-13 to 06-30-18
Superintendent of Schools	Dr. Timothy Edsell Laura Blessing (interim) Laura Blessing	07-01-13 to 09-30-13 10-01-13 to 06-30-14 07-01-14 to 06-30-18
President of the School Board	Douglas Jay Brad Hester	01-01-13 to 12-31-13 01-01-14 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTHEASTERN WAYNE SCHOOL
CORPORATION, WAYNE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Northeastern Wayne School Corporation (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 from 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 to 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.

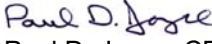
Other Information

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 Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2017, 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

November 13, 2017



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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 NORTHEASTERN WAYNE SCHOOL
CORPORATION, WAYNE 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 Northeastern Wayne School Corporation (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 November 13, 2017, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2015-002.

Northeastern Wayne School Corporation'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

November 13, 2017

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

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-13	Receipts	Disbursements		06-30-14	Receipts	Disbursements		
General	\$ 1,079,434	\$ 7,584,435	\$ 7,546,521	\$ 49,956	\$ 1,167,304	\$ 7,691,131	\$ 7,627,114	\$ 3,849	\$ 1,235,170
Debt Service	523,040	899,020	894,834	-	527,226	904,394	904,834	-	526,786
Retirement/Severance Bond Debt Service	21,765	320,729	248,238	-	94,256	234,747	244,708	-	84,295
Capital Projects	404,474	633,323	672,627	-	365,170	645,424	762,804	-	247,790
School Transportation	137,400	683,698	617,790	-	203,308	694,082	632,738	-	264,652
School Bus Replacement	97,056	95,913	98,884	-	94,085	20,095	100,337	-	13,843
Rainy Day	199,939	-	-	-	199,939	-	-	-	199,939
Retirement/Severance Bond	402,201	-	99,750	-	302,451	-	74,874	-	227,577
Construction 2001	5,268	-	-	-	5,268	-	-	-	5,268
Construction	456,048	215	326,706	-	129,557	91	-	-	129,648
School Lunch	181,800	497,019	505,138	-	173,681	496,369	483,285	-	186,765
Textbook Rental	40,336	233,140	193,536	-	79,940	135,933	168,681	-	47,192
Levy Excess	49,956	-	-	(49,956)	-	414	-	-	414
Educational License Plates	1,676	94	45	-	1,725	94	-	-	1,819
CAPE Grant	26	-	26	-	-	-	-	-	-
Renaissance Program	1,485	-	-	-	1,485	-	-	-	1,485
Gifted and Talented	5,053	-	5,053	-	-	28,465	22,779	-	5,686
2013-14 High Ability	-	28,436	24,928	-	3,508	-	3,508	-	-
Medicaid Reimbursement	14,421	-	-	-	14,421	4,476	-	(3,623)	15,274
School Technology	19,871	21,186	19,074	-	21,983	39,130	14,149	-	46,964
Performance Based Awards	1,136	-	1,136	-	-	-	-	-	-
Latchkey	91,962	34,409	22,735	-	103,636	39,865	23,734	-	119,767
Early Literacy Intervention Grant	-	9,835	-	-	9,835	-	9,835	-	-
2013-14 Title I	-	205,590	205,590	-	-	-	-	-	-
2014-15 Title I	-	-	-	-	-	301,055	301,055	-	-
Medicaid Reimbursement - Federal	16,644	-	-	-	16,644	8,921	736	(226)	24,603
Improving Teaching Quality, No Child Left, Title II, Part A	(5,906)	34,463	34,840	-	(6,283)	22,707	16,424	-	-
2015-16 Title II	-	-	-	-	-	-	10,841	-	(10,841)
Rural Schools and Low Income Program - Pass Through State	-	23,554	23,554	-	-	-	-	-	-
Payroll Withholding	-	1,815,595	1,815,595	-	-	1,810,189	1,810,189	-	-
Prepaid Lunch	-	244,759	239,536	-	5,223	225,305	222,652	-	7,876
Totals	\$ 3,745,085	\$ 13,365,413	\$ 13,596,136	\$ -	\$ 3,514,362	\$ 13,302,887	\$ 13,435,277	\$ -	\$ 3,381,972

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
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, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

NORTHEASTERN WAYNE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed 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:

Transfers in. Amounts 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.

NORTHEASTERN WAYNE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out. Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

NORTHEASTERN WAYNE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: 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

NORTHEASTERN WAYNE SCHOOL CORPORATION
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.

C. Additional Pension Plan

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

NORTHEASTERN WAYNE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursements for the disbursements made by the School Corporation that were not received by June 30, 2014 and 2015.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Northeastern Wayne Jr./Sr. High School Building Corporation (lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$675,500 and \$685,500, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses health insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding these benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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.

NORTHEASTERN WAYNE SCHOOL CORPORATION
 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
Cash and investments - beginning	\$ 1,079,434	\$ 523,040	\$ 21,765	\$ 404,474	\$ 137,400	\$ 97,056	\$ 199,939	\$ 402,201
Receipts:								
Local sources	81,347	899,020	320,729	633,323	669,379	95,913	-	-
Intermediate sources	26	-	-	-	-	-	-	-
State sources	7,395,915	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	107,147	-	-	-	14,319	-	-	-
Total receipts	7,584,435	899,020	320,729	633,323	683,698	95,913	-	-
Disbursements:								
Instruction	5,167,428	-	-	-	-	-	-	-
Support services	2,338,304	-	-	303,859	617,790	98,884	-	99,750
Noninstructional services	20,798	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	368,768	-	-	-	-
Debt service	19,991	894,834	248,238	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	7,546,521	894,834	248,238	672,627	617,790	98,884	-	99,750
Excess (deficiency) of receipts over disbursements	37,914	4,186	72,491	(39,304)	65,908	(2,971)	-	(99,750)
Other financing sources (uses):								
Transfers in	49,956	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	49,956	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	87,870	4,186	72,491	(39,304)	65,908	(2,971)	-	(99,750)
Cash and investments - ending	\$ 1,167,304	\$ 527,226	\$ 94,256	\$ 365,170	\$ 203,308	\$ 94,085	\$ 199,939	\$ 302,451

NORTHEASTERN WAYNE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014

	Construction 2001	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	CAPE Grant	Renaissance Program
Cash and investments - beginning	\$ 5,268	\$ 456,048	\$ 181,800	\$ 40,336	\$ 49,956	\$ 1,676	\$ 26	\$ 1,485
Receipts:								
Local sources	-	215	239,372	194,167	-	-	-	-
Intermediate sources	-	-	-	-	-	94	-	-
State sources	-	-	-	38,973	-	-	-	-
Federal sources	-	-	257,647	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	215	497,019	233,140	-	94	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	26	-
Support services	-	-	-	193,536	-	45	-	-
Noninstructional services	-	-	505,138	-	-	-	-	-
Facilities acquisition and construction	-	326,706	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	326,706	505,138	193,536	-	45	26	-
Excess (deficiency) of receipts over disbursements	-	(326,491)	(8,119)	39,604	-	49	(26)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(49,956)	-	-	-
Total other financing sources (uses)	-	-	-	-	(49,956)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(326,491)	(8,119)	39,604	(49,956)	49	(26)	-
Cash and investments - ending	\$ 5,268	\$ 129,557	\$ 173,681	\$ 79,940	\$ -	\$ 1,725	\$ -	\$ 1,485

NORTHEASTERN WAYNE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014

	Gifted and Talented	2013-14 High Ability	Medicaid Reimbursement	School Technology	Performance Based Awards	Latchkey	Early Literacy Intervention Grant	2013-14 Title I
Cash and investments - beginning	\$ 5,053	\$ -	\$ 14,421	\$ 19,871	\$ 1,136	\$ 91,962	\$ -	\$ -
Receipts:								
Local sources	-	-	-	14,958	-	34,409	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	28,436	-	6,228	-	-	-	-
Federal sources	-	-	-	-	-	-	-	205,590
Other receipts	-	-	-	-	-	-	9,835	-
Total receipts	-	28,436	-	21,186	-	34,409	9,835	205,590
Disbursements:								
Instruction	5,053	24,928	-	19,074	1,136	22,715	-	197,590
Support services	-	-	-	-	-	20	-	-
Noninstructional services	-	-	-	-	-	-	-	8,000
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,053	24,928	-	19,074	1,136	22,735	-	205,590
Excess (deficiency) of receipts over disbursements	(5,053)	3,508	-	2,112	(1,136)	11,674	9,835	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,053)	3,508	-	2,112	(1,136)	11,674	9,835	-
Cash and investments - ending	\$ -	\$ 3,508	\$ 14,421	\$ 21,983	\$ -	\$ 103,636	\$ 9,835	\$ -

NORTHEASTERN WAYNE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014

	2014-15 Title I	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	2015-16 Title II	Rural Schools and Low Income Program - Pass Through State	Payroll Withholding	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ 16,644	\$ (5,906)	\$ -	\$ -	\$ -	\$ -	\$ 3,745,085
Receipts:								
Local sources	-	-	-	-	-	-	-	3,182,832
Intermediate sources	-	-	-	-	-	-	-	120
State sources	-	-	-	-	-	-	-	7,469,552
Federal sources	-	-	34,463	-	23,554	-	-	521,254
Other receipts	-	-	-	-	-	1,815,595	244,759	2,191,655
Total receipts	-	-	34,463	-	23,554	1,815,595	244,759	13,365,413
Disbursements:								
Instruction	-	-	34,840	-	23,554	-	-	5,496,344
Support services	-	-	-	-	-	-	-	3,652,188
Noninstructional services	-	-	-	-	-	-	-	533,936
Facilities acquisition and construction	-	-	-	-	-	-	-	695,474
Debt service	-	-	-	-	-	-	-	1,163,063
Nonprogrammed charges	-	-	-	-	-	1,815,595	239,536	2,055,131
Total disbursements	-	-	34,840	-	23,554	1,815,595	239,536	13,596,136
Excess (deficiency) of receipts over disbursements	-	-	(377)	-	-	-	5,223	(230,723)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	49,956
Transfers out	-	-	-	-	-	-	-	(49,956)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(377)	-	-	-	5,223	(230,723)
Cash and investments - ending	\$ -	\$ 16,644	\$ (6,283)	\$ -	\$ -	\$ -	\$ 5,223	\$ 3,514,362

NORTHEASTERN WAYNE SCHOOL CORPORATION
 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
Cash and investments - beginning	\$ 1,167,304	\$ 527,226	\$ 94,256	\$ 365,170	\$ 203,308	\$ 94,085	\$ 199,939	\$ 302,451
Receipts:								
Local sources	75,584	904,394	234,747	606,292	678,720	20,095	-	-
Intermediate sources	19	-	-	-	-	-	-	-
State sources	7,558,992	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	56,536	-	-	39,132	15,362	-	-	-
Total receipts	7,691,131	904,394	234,747	645,424	694,082	20,095	-	-
Disbursements:								
Instruction	5,067,586	-	-	-	-	-	-	-
Support services	2,521,083	-	-	294,430	632,738	100,337	-	74,874
Noninstructional services	16,823	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	468,374	-	-	-	-
Debt service	21,622	904,834	244,708	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	7,627,114	904,834	244,708	762,804	632,738	100,337	-	74,874
Excess (deficiency) of receipts over disbursements	64,017	(440)	(9,961)	(117,380)	61,344	(80,242)	-	(74,874)
Other financing sources (uses):								
Transfers in	3,849	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,849	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	67,866	(440)	(9,961)	(117,380)	61,344	(80,242)	-	(74,874)
Cash and investments - ending	\$ 1,235,170	\$ 526,786	\$ 84,295	\$ 247,790	\$ 264,652	\$ 13,843	\$ 199,939	\$ 227,577

NORTHEASTERN WAYNE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Construction 2001	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	CAPE Grant	Renaissance Program
Cash and investments - beginning	\$ 5,268	\$ 129,557	\$ 173,681	\$ 79,940	\$ -	\$ 1,725	\$ -	\$ 1,485
Receipts:								
Local sources	-	91	222,580	96,070	-	-	-	-
Intermediate sources	-	-	-	-	-	94	-	-
State sources	-	-	-	39,863	-	-	-	-
Federal sources	-	-	273,789	-	-	-	-	-
Other receipts	-	-	-	-	414	-	-	-
Total receipts	-	91	496,369	135,933	414	94	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	168,681	-	-	-	-
Noninstructional services	-	-	483,285	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	483,285	168,681	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	91	13,084	(32,748)	414	94	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	91	13,084	(32,748)	414	94	-	-
Cash and investments - ending	\$ 5,268	\$ 129,648	\$ 186,765	\$ 47,192	\$ 414	\$ 1,819	\$ -	\$ 1,485

NORTHEASTERN WAYNE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	Gifted and Talented	2013-14 High Ability	Medicaid Reimbursement	School Technology	Performance Based Awards	Latchkey	Early Literacy Intervention Grant	2013-14 Title I
Cash and investments - beginning	\$ -	\$ 3,508	\$ 14,421	\$ 21,983	\$ -	\$ 103,636	\$ 9,835	\$ -
Receipts:								
Local sources	-	-	-	33,720	-	39,865	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	28,465	-	4,476	5,410	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	28,465	-	4,476	39,130	-	39,865	-	-
Disbursements:								
Instruction	22,779	3,508	-	14,149	-	23,734	9,835	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	22,779	3,508	-	14,149	-	23,734	9,835	-
Excess (deficiency) of receipts over disbursements	5,686	(3,508)	4,476	24,981	-	16,131	(9,835)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(3,623)	-	-	-	-	-
Total other financing sources (uses)	-	-	(3,623)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,686	(3,508)	853	24,981	-	16,131	(9,835)	-
Cash and investments - ending	\$ 5,686	\$ -	\$ 15,274	\$ 46,964	\$ -	\$ 119,767	\$ -	\$ -

NORTHEASTERN WAYNE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2015

	2014-15 Title I	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	2015-16 Title II	Rural Schools and Low Income Program - Pass Through State	Payroll Withholding	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ 16,644	\$ (6,283)	\$ -	\$ -	\$ -	\$ 5,223	\$ 3,514,362
Receipts:								
Local sources	-	-	-	-	-	-	-	2,912,158
Intermediate sources	-	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	-	7,637,206
Federal sources	301,055	8,921	22,707	-	-	-	-	606,472
Other receipts	-	-	-	-	-	1,810,189	225,305	2,146,938
Total receipts	301,055	8,921	22,707	-	-	1,810,189	225,305	13,302,887
Disbursements:								
Instruction	267,555	-	16,424	10,841	-	-	-	5,436,411
Support services	25,000	736	-	-	-	-	-	3,817,879
Noninstructional services	8,500	-	-	-	-	-	-	508,608
Facilities acquisition and construction	-	-	-	-	-	-	-	468,374
Debt service	-	-	-	-	-	-	-	1,171,164
Nonprogrammed charges	-	-	-	-	-	1,810,189	222,652	2,032,841
Total disbursements	301,055	736	16,424	10,841	-	1,810,189	222,652	13,435,277
Excess (deficiency) of receipts over disbursements	-	8,185	6,283	(10,841)	-	-	2,653	(132,390)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	3,849
Transfers out	-	(226)	-	-	-	-	-	(3,849)
Total other financing sources (uses)	-	(226)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	7,959	6,283	(10,841)	-	-	2,653	(132,390)
Cash and investments - ending	\$ -	\$ 24,603	\$ -	\$ (10,841)	\$ -	\$ -	\$ 7,876	\$ 3,381,972

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NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 48,000
Buildings	21,126,498
Improvements other than buildings	1,802,745
Machinery, equipment, and vehicles	<u>2,857,963</u>
Total governmental activities	<u>25,835,206</u>
Total capital assets	<u>\$ 25,835,206</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 NORTHEASTERN WAYNE SCHOOL
CORPORATION, WAYNE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Northeastern Wayne School Corporation'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. Except as discussed in the following paragraph, 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.

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

Basis for Qualified Opinion on the Child Nutrition Cluster

As described in item 2015-010 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Child Nutrition Cluster regarding Program Income. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

As described in items 2015-008, 2015-009, and 2015-011 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, Procurement and Suspension and Debarment, and Special Tests and Provisions - Paid Lunch Equity that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Child Nutrition Cluster regarding Program Income, and except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraphs, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

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 2015-005 and 2015-006. 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.


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

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 a 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, 2015-008, 2015-009, 2015-010, 2015-011, and 2015-012 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

November 13, 2017

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.

NORTHEASTERN WAYNE SCHOOL CORPORATION
 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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education						
School Breakfast Program		10.553	FY14	\$ -	\$ 38,432	\$ -	\$ -
School Breakfast Program		10.553	FY15	-	-	-	40,204
Total - School Breakfast Program				-	38,432	-	40,204
National School Lunch Program							
National School Lunch Program	Indiana Department of Education						
National School Lunch Program		10.555	FY14	-	212,603	-	-
National School Lunch Program		10.555	FY15	-	-	-	227,311
Commodities		10.555	FY14	-	36,758	-	-
Commodities		10.555	FY15	-	-	-	36,822
Total - National School Lunch Program				-	249,361	-	264,133
Total - Child Nutrition Cluster				-	287,793	-	304,337
Total - Department of Agriculture				-	287,793	-	304,337
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education						
FY12 Federal Part B 611 Grant		84.027	14212-013-PN01	-	16,714	-	-
FY13 Federal Part B 611 Grant		84.027	14213-013-PN01	-	172,936	-	18,341
FY14 Federal Part B 611 Grant		84.027	14214-013-PN01	-	58,968	-	200,238
FY15 Federal Part B 611 Grant		84.027	14215-013-PN01	-	-	-	67,970
FY14 Technical Assistance Grant Part B		84.027	99914-013-PN01	-	2,038	-	2,808
Total - Special Education_Grants to States				-	250,656	-	289,357

NORTHEASTERN WAYNE SCHOOL CORPORATION
 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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
Special Education_Preschool Grants	Indiana Department of Education						
FY 2013 Federal Part B 619 Grant		84.173	45713-013-PN01	-	5,370	-	37
FY 2014 Federal Part B 619 Grant		84.173	45714-013-PN01	-	5,179	-	-
FY 2015 Federal Part B 619 Grant		84.173	45715-013-PN01	-	-	-	6,618
Total - Special Education_Preschool Grants				-	10,549	-	6,655
Total - Special Education Cluster (IDEA)				-	261,205	-	296,012
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2013-14		84.010	14-8375	-	205,591	-	-
Title I 2014-15		84.010	15-8375	-	-	-	301,055
Total - Title I Grants to Local Educational Agencies				-	205,591	-	301,055
Improving Teacher Quality State Grants	Indiana Department of Education						
Title IIA		84.367	11-8375	-	370	-	-
Title IIA		84.367	12-8375	-	30,381	-	-
Title IIA		84.367	13-8375	-	3,712	-	22,707
Total - Improving Teacher Quality State Grants				-	34,463	-	22,707
Rural Education	Indiana Department of Education						
Rural Schools and Low Income Program		84.358	FY14	-	23,554	-	-
Total - Rural Education				-	23,554	-	-
Total - Department of Education				-	524,813	-	619,774
Total federal awards expended				\$ -	\$ 812,606	\$ -	\$ 924,111

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

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

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

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

FINDING 2015-001

Subject: Internal Controls over Financial Transactions and Reporting
Audit Findings: Material Weakness

Repeat Finding

This is a repeat finding from the prior audit. The prior audit finding was 2013-001.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation over receipts.

The School Corporation Treasurer collected, receipted, deposited, and recorded the money into the accounting records without an oversight, approval, or other internal control process to ensure the accuracy of the collection and posting of receipts.

Context

The lack of internal controls over receipts were systemic problems.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the School Corporation had not established an effective system of internal control over receipts.

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls related to the receipt process.

Views of Responsible Officials

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness; Other Matters

Condition

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system used to compile the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). The federal award information was entered into Gateway without a control process in place to ensure its accuracy before submission.

Errors occurred within both years presented on the SEFA. In some instances, the expenditure amounts were used instead of reimbursements amounts for reimbursement grants.

Context

Due to the lack of controls, the SEFA contained the following errors.

2013-2014 School Year:

- The National School Lunch Program, including commodities, was understated by \$249,361.
- The School Breakfast Program was understated by \$38,432.
- The Special Education_Grants to States was understated by \$250,656.
- The Special Education_Preschool Grants was understated by \$10,549.
- The Improving Teacher Quality State Grants was understated by \$4,082.

2014-2015 School Year:

- The National School Lunch Program, including commodities, was understated by \$264,133.
- The School Breakfast Program was understated by \$40,204.
- The Special Education_Grants to States was understated by \$81,540.
- The Special Education_Preschool Grants was understated by \$6,655.
- The Improving Teacher Quality State Grants was overstated by \$3,712.
- The Rural Education was overstated by \$25,802.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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 § _____.310. . . ."

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

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

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA to ensure accurate reporting of federal awards.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003

Subject: Title I Grants to Local Educational Agencies - Internal Controls
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-8375, 15-8375
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Level of Effort
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Eligibility and Level of Effort.

Eligibility

The Title I Director determined students eligible to receive Title I services based on evaluations without an oversight, approval, or other internal control process to ensure students selected were eligible to receive Title I services.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Level of Effort - Maintenance of Effort

Management was not aware of the requirement to maintain spending of State and local funds of at least 90 percent of prior year's expenditures; therefore, management had not established any controls related to the Level of Effort compliance requirement.

Context

The lack of internal controls over the Eligibility and Level of Effort compliance requirements was a systemic problem.

Criteria

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

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

Cause

Management had not developed a system of internal controls that would have prevented, or detected and corrected, potential material noncompliance.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility and Level of Effort compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-004

Subject: Title I Grants to Local Educational Agencies - Cash Management and Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-8375, 15-8375
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding was 2013-004.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

During the first nine months of the audit period, the School Corporation Treasurer prepared and submitted the Reimbursement Requests without an oversight, approval, or other internal control process to ensure expenditures were paid prior to requesting reimbursement or that the report was accurate. In April 2014, the School Corporation implemented an effective system of internal controls over the preparation and review of the Reimbursement Requests.

Context

The lack of internal controls over the Reimbursement Requests was a systemic problem occurring until the April 1, 2014 Reimbursement Request when corrective action took place as a result of a prior audit finding. Additionally, there was one isolated instance of failure of the internal control with the March 15, 2015 Reimbursement Request.

Criteria

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

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

Cause

Management had not developed a system of internal controls that would have prevented, or detected and corrected, potential material noncompliance.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management and Reporting compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management continue utilizing the established controls, including segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2015-005

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-8375, 15-8375
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not complete the required Semi-Annual Certifications for the employees who worked solely on the Federal award.

Context

The lack of internal controls was a systemic problem. During the audit period, there were seven employees whose salaries were charged solely to the Title I fund. None of the employees completed the required Semi-Annual Certifications.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

OMB Circular A-87, Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

Cause

Management had not developed a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2015-006

Subject: Title I Grants to Local Educational Agencies - Suspension and Debarment
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-8375, 15-8375
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation utilized the SAM Exclusions website as their verification process to determine whether potential vendors were suspended or debarred prior to having entered into contracts or having purchased from a vendor; however, the School Corporation did not retain appropriate documentation of the verification process. There were no controls in place to ensure appropriate documentation was maintained and made available for audit.

Context

The Suspension and Debarment compliance testing could not be performed due to a lack of tangible documentation being maintained and made available for audit by the School Corporation of its verification process.

Criteria

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

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

7 CFR 3016.42 states in part:

"(a) *Applicability.*

- (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:
 - (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
 - (ii) Otherwise reasonably considered as pertinent to the program regulations or the grant agreement. . . .

(b) *Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years . . ."

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that documentation was maintained and made available for audit relating to the Suspension and Debarment compliance requirement.

Effect

The failure to maintain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Suspension and Debarment compliance requirement.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure that documentation was maintained and made available for audit relating to the Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2015-007

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY14, FY15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding was 2013-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Reporting.

The Food Service Director prepared and submitted the Sponsor Claims (claim for reimbursement) and the Annual Financial Report without an oversight, approval, or other internal control process to ensure the accuracy of the reports.

Context

The lack of internal controls over the Reporting compliance requirement was a systemic problem for the audit period.

Criteria

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

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have prevented, or detected and corrected, potential material noncompliance.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2015-008

Subject: Child Nutrition Cluster - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY14, FY15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system that would have ensured that its net cash resources in the School Lunch fund did not exceed the three months average expenditures. Thirteen of the twenty-four months net cash resources exceeded its three months average expenditures.

Context

The lack of internal controls over the Cash Management compliance requirement was a systemic problem. During the first fiscal year, the net cash resources exceeded the three months average expenditures for nine months ranging from \$1,459 to \$46,326. During the second fiscal year, the net cash resources exceeded the three months average expenditures for four months ranging from \$14,069 to \$41,779.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

7 CFR 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction:"

- (iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

Management had not developed a system of internal controls that would have prevented, or detected and corrected, material noncompliance.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-009

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY14, FY15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediate prior year. The prior audit finding was 2013-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Procurement and Suspension and Debarment.

The School Corporation did not obtain bids for produce vendors. Total purchases for produce exceeded \$150,000, an amount for which Indiana Code required that a formal bidding process be followed. Produce purchases were not procured in accordance with state policies and procedures.

The School Corporation did not verify that vendors with whom the School Corporation entered into covered transactions were not suspended or debarred.

Context

The lack of controls were a systemic problem for the audit period. The School Corporation did not properly obtain quotes for the two vendors used to purchase the produce. None of the vendors were verified to ensure they were not suspended and debarred.

Criteria

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

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

7 CFR 3016.36(b)(1) states:

"Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for bids."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There are no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2015-010

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY14, FY15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediate prior year. The prior audit finding was 2013-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Program Income.

The School Corporation did not properly record program income into the School Lunch fund. The Food Service Director maintained a separate bank account in which daily deposits from each of the cafeterias were deposited. At least monthly, the Food Service Director transferred money to the School Corporation School Lunch fund to account for the meals served and any ala carte sales. However, the Food Service Director did not properly calculate the money that was to be transferred to the School Lunch fund. Therefore, a proper population to test program income could not be identified.

Context

The lack of internal controls was a systemic problem during the period audited. Due to the method of recordkeeping, program income could not be tested.

Criteria

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

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

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

Cause

Management had not developed an effective system of internal controls to ensure that accounting records were properly maintained related to the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system and properly maintain accounting records prevented the testing of the School Corporation's compliance with the grant agreement and the Program Income compliance requirement.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that accounting records were properly maintained related to the grant agreement and the Program Income compliance requirement.

Views of Responsible Officials

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

FINDING 2015-011

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Numbers: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY14, FY15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Paid Lunch Equity.

The Indiana Department of Education (IDOE) calculated whether the paid lunch prices charged in fiscal year 2013 would be sufficient for the School Corporation to meet the Paid Lunch Equity (PLE) requirement. According to IDOE's calculation, the School Corporation would not have met the PLE requirement unless they increased its paid lunch prices. The Food Service Director used the PLE tool provided by IDOE to determine the paid lunch prices that would have met the PLE requirement for fiscal year 2014; however, when the Food Service Director completed the calculation, the number of paid lunch meals served for November 2012 instead of October 2012 were used.

In fiscal year 2015, the Food Service Director did not calculate whether the weighted average lunch price was sufficient to meet the reimbursement difference requirement.

Context

The lack of internal controls over the Special Tests and Provisions - Paid Lunch Equity compliance requirement was a systemic problem. In fiscal year 2014, the paid lunch prices were not calculated properly. In fiscal year 2015, the calculation to determine whether the paid lunch prices met the PLE compliance requirement was not completed.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

7 CFR 210.14 states in part:

"(a) *Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under § 210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 *et seq.*). . . .

(e) *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. . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

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

FINDING 2015-012

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-013-PN01, 14213-013-PN01,
14214-013-PN01, 14215-013-PN01,
99914-013-PN01, 45713-013-PN01,
45714-013-PN01, 14215-013-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the requirements related to the grant agreement and following compliance requirement: Allowable Costs/Cost Principles.

The School Corporation designated a fiscal agent to receive and manage the federal awards for the Special Education programs. Management of the School Corporation had not implemented controls over payroll and the fiscal agent as it related to the Allowable Costs/Cost Principles compliance requirement.

Context

The lack of controls was a systemic problem.

Criteria

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

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

NORTHEASTERN WAYNE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have provided oversight over duties performed by the fiscal agent to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



NORTHEASTERN WAYNE SCHOOLS

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“WHERE EXCELLENCE IN EDUCATION IS AN EXPECTATION”

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-003 – INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER – PROCUREMENT, SUSPENSION AND DEBARMENT, PROGRAM INCOME AND REPORTING

Fiscal year in which the finding initially occurred: FY 2011-12

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Laura Blessing

Contact Phone Number: 765-847-2821

Status of Audit Finding:

Corrective action did not occur.

FINDING 2013-004 – INTERNAL CONTROLS OVER TITLE I CLUSTER – CASH MANAGEMENT, PROCUREMENT, SUSPENSION AND DEBARMENT, AND REPORTING

Fiscal year in which the finding initially occurred: FY 2011-12

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Laura Blessing

Contact Phone Number: 765-847-2821

Status of Audit Finding:

We followed the corrective action as stated in the prior audit.

These were the actions taken:

The superintendent reviews, signs and dates monthly and final reports.

We continue to use the System for Award Management.



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CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Kay Reed
Contact Phone Number: 765-847-2821

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

After the corporation treasurer collects and receipts the money, the superintendent will review prior to deposits.

Anticipated Completion Date: November 2017

Kay Reed
Corporation Treasurer
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Kay Reed
Contact Phone Number: 765-847-2821

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

After receiving direction from the State Board of Accounts effective August 2018, the corporation treasurer will enter the amounts that we expend and receive into each federal award. The superintendent sign-off on the worksheet and review prior to submission.

Anticipated Completion Date: August 2018

Kay Reed
Corporation Treasurer
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Sam Pritchard
Contact Phone Number: 765-847-2595

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

Title I director will determine what students are eligible to receive Title I services. The school treasurer and or assistant principal will double check the determinations and both parties will sign off on the compliance requirements.

The Maintenance of Effort (MOE) will be completed as directed by the IDOE to ensure that 90% of the prior years expenditures were maintained through state and local funds.

Anticipated Completion Date: November 2017

Sam Pritchard
Title I Director
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Kay Reed
Contact Phone Number: 765-847-2821

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

The corporation treasurer prepares and submits the reimbursement requests and the superintendent or assistant superintendent completes the oversight by signing off on the requests prior to submission.

Anticipated Completion Date: April 2014

Kay Reed
Corporation Treasurer
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Sam Pritchard
Contact Phone Number: 765-847-2595

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

Every six months, the semi-annual certifications will be completed for employees who work solely to the Title I Award.

Anticipated Completion Date: November 2017

Sam Pritchard
Title 1 Administrator
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Sam Pritchard
Contact Phone Number: 765-847-2595

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

Each time a Title 1 purchase is being considered, all administrators will utilize the SAM Exclusions website to verify that the potential vendor was not suspended or debarred prior to entering into any contracts or making a purchase with the vendor.

Upon executing this search, the administrator will print out the web page and attach it to the purchase order. No purchase will be processed without this information.

All administrators have login and password information to complete this process.

Anticipated Completion Date: November 8, 2017

Sam Pritchard
Title 1 Administrator
11-9-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-007

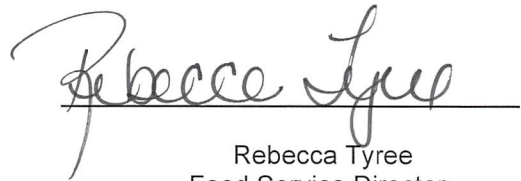
Contact Person Responsible for Corrective Action: Rebecca Tyree
Contact Phone Number: 765-847-2591

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

The food service director will prepare and submit sponsor claims and annual financial reports, prior to submission the documents will be reviewed and signed off on by the superintendent.

Anticipated Completion Date: November 2017



Rebecca Tyree
Food Service Director
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-008

Contact Person Responsible for Corrective Action: Rebecca Tyree
Contact Phone Number: 765-847-2591

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

Reduce the cash balance so that the school fund does not exceed the 3-month average expenditures. Wages will be reviewed to determine if and how much any increases can be given to offset the high cash balance. A renovation project to update paint and flooring will be planned to utilize the excess cash balance within the next six months.

Anticipated Completion Date: June 2018.

Rebecca Tyree
Food Service Director
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-009

Contact Person Responsible for Corrective Action: Rebecca Tyree
Contact Phone Number: 765-847-2591

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan: The School Corporation will obtain bids for produce vendors. Letters will be mailed and website notification will occur as part of the bidding process. Board approval will be required for produce vendors.

Also, each time a purchase is being considered, all administrators will utilize the SAM Exclusions website to verify that the potential vendor was not suspended or debarred prior to entering into any contracts or making a purchase with the vendor.

Upon executing this search, the administrator will print out the web page and attach it to the purchase order. No purchase will be processed without this information.

All administrators have login and password information to complete this process.

Anticipated Completion Date: June 2018

Rebecca Tyree
Food Service Director
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-010

Contact Person Responsible for Corrective Action: Rebecca Tyree
Contact Phone Number: 765-847-2591

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

The food service director will work with the corporation treasurer in balancing bank statements.
Corporation treasurer will check with other schools to gather information on how they balance.

Anticipated Completion Date:
July 2018

Rebecca Tyree
Food Service Director
11-10-2017



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CORRECTIVE ACTION PLAN

FINDING 2015-011

Contact Person Responsible for Corrective Action: Rebecca Tyree
Contact Phone Number: 765-847-2591

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

The paid lunch equity compliance requirement will be completed by the food service director. Prior to submission the paid lunch equity compliance will be reviewed and approved by the superintendent.

Anticipated Completion Date: *March 2018*

Rebecca Tyree
Food Service Director
11-10-2107



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CORRECTIVE ACTION PLAN

FINDING 2015-012

Contact Person Responsible for Corrective Action: Liza Bates
Contact Phone Number: 765-458-0263

Views of Responsible Official: we concur with the finding

Description of Corrective Action Plan:

The director will provide a financial report and a corresponding packet of financial information at each monthly meeting of the East Central Governing Board. The superintendents of the participating corporations will review and sign off on the financial packet each month.

The packet will include:

- Information about the period of availability of the grant being utilized
- Grant budget, expenses, and reimbursements to date
- Documentation of quarterly reporting
- Documentation of time and effort reporting
- Reimbursement request form for previous month's expenditures with supporting documentation, including payroll and benefits
- Claims to be reviewed prior to presentation at the fiscal agency's board meeting

This financial report and packet will provide an effective internal control system for the participating corporations to demonstrate oversight over duties performed by the fiscal agent related to allowable activities, allowable costs, cash management, period of performance, and reporting requirements for their IDEA grants.

Anticipated Completion Date: October 9, 2017

Liza Bates

Special Education Director
11-10-2017

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/>.