

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SCHOOL CITY OF MISHAWAKA  
ST. JOSEPH COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
01/19/2018



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>             | <u>Term</u>          |
|----------------------------------|-----------------------------|----------------------|
| Treasurer                        | Randy J. Squadroni          | 07-01-14 to 09-07-15 |
|                                  | Patricia J. Meehan          | 09-08-15 to 11-30-15 |
|                                  | Dr. Bruce N. Stahly         | 12-01-15 to 12-31-17 |
| Superintendent<br>of Schools     | Dr. Terry E. Barker         | 07-01-14 to 06-10-15 |
|                                  | Dr. Daniel Towner (interim) | 06-11-15 to 07-31-15 |
|                                  | Dr. A Dean Speicher         | 08-01-15 to 06-30-18 |
| President of the<br>School Board | Dennis R. Wood              | 01-01-14 to 12-31-14 |
|                                  | Jeffery E. Emmons           | 01-01-15 to 12-31-17 |



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the School City of Mishawaka (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

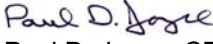
*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 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

December 5, 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 SCHOOL CITY OF MISHAWAKA, ST. JOSEPH 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 School City of Mishawaka (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated December 5, 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 a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 item 2016-001 to be a material weakness.

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

**Compliance and Other Matters**

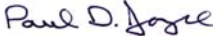
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**School City of Mishawaka'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

December 5, 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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SCHOOL CITY OF MISHAWAKA  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2015 and 2016

| Fund   | Cash and Investments<br>07-01-14 |                |                | Other<br>Financing<br>Sources (Uses) | Cash and Investments<br>06-30-15 |               |               | Other<br>Financing<br>Sources (Uses) | Cash and Investments<br>06-30-16 |               |  |
|--|----------------------------------|----------------|----------------|--------------------------------------|----------------------------------|---------------|---------------|--------------------------------------|----------------------------------|---------------|--|
|  | Receipts                         | Disbursements  |                |                                      | Receipts                         | Disbursements |               |                                      | Receipts                         | Disbursements |  |
| General  | \$ 1,386,001                     | \$ 34,733,382  | \$ 34,318,785  | \$ -                                 | \$ 1,800,598                     | \$ 35,438,483 | \$ 34,387,583 | \$ 44,581                            | \$ 2,896,079                     |               |  |
| Debt Service   | 424,936                          | 1,388,387      | 899,357        | (349,757)                            | 564,209                          | 1,067,909     | 1,287,773     | -                                    | 344,345                          |               |  |
| Exempt Debt  | 3,361,508                        | 5,461,659      | 5,834,759      | 115,826                              | 3,104,234                        | 6,041,912     | 5,920,454     | -                                    | 3,225,692                        |               |  |
| Capital Projects   | 914,140                          | 3,289,483      | 3,494,078      | -                                    | 709,545                          | 4,110,919     | 3,366,079     | 22,102                               | 1,476,487                        |               |  |
| School Transportation                                      | 311,586                          | 787,477        | 889,879        | -                                    | 209,184                          | 955,445       | 860,685       | -                                    | 303,944                          |               |  |
| School Bus Replacement                                     | 29,195                           | 75,602         | 100,889        | -                                    | 3,908                            | 77,942        | 67,057        | -                                    | 14,793                           |               |  |
| Rainy Day  | 205,567                          | -              | 100,136        | -                                    | 105,431                          | 15,619        | 39,279        | -                                    | 81,771                           |               |  |
| Post-Retirement/Severance Future Benefits                  | 5,200                            | -              | -              | -                                    | 5,200                            | 7,300         | 12,500        | -                                    | -                                |               |  |
| Construction   | 1,734                            | -              | 879,830        | 879,831                              | 1,735                            | -             | -             | -                                    | 1,735                            |               |  |
| A0524 2004 Multischool                                     | 15                               | -              | -              | -                                    | 15                               | -             | 15            | -                                    | -                                |               |  |
| Steele Stadium Improvement                                 | 15,576                           | 1,050          | -              | -                                    | 16,626                           | -             | -             | -                                    | 16,626                           |               |  |
| A0558 - Gift Donations                                     | -                                | 91,278         | 3,037          | (87,876)                             | 365                              | 164           | 1,060         | -                                    | (531)                            |               |  |
| School Lunch   | 133,426                          | 2,396,610      | 2,325,578      | -                                    | 204,458                          | 2,541,765     | 2,463,660     | -                                    | 282,563                          |               |  |
| Textbook Rental  | (870,195)                        | 455,890        | 591,331        | 233,931                              | (771,705)                        | 301,377       | 222,705       | -                                    | (693,033)                        |               |  |
| Repair and Replacement                                     | 8,737                            | -              | -              | -                                    | 8,737                            | -             | 8,737         | -                                    | -                                |               |  |
| Self-Insurance   | (1,024,066)                      | 7,884,143      | 6,500,586      | -                                    | 359,491                          | 6,297,058     | 6,704,946     | -                                    | (48,397)                         |               |  |
| Levy Excess  | -                                | 819            | -              | -                                    | 819                              | -             | 819           | -                                    | -                                |               |  |
| Joint Services and Supply - Special Education Cooperative  | 5,565                            | -              | -              | -                                    | 5,565                            | -             | 5,565         | -                                    | -                                |               |  |
| Joint Service Preschool                                    | (146,146)                        | 1,157,065      | 990,616        | -                                    | 20,303                           | 344,523       | 363,642       | -                                    | 1,184                            |               |  |
| Joint Services Inservice Clearing                          | 10,222                           | -              | -              | -                                    | 10,222                           | -             | 10,222        | -                                    | -                                |               |  |
| Joint Services and Supply - Area Vocational School         | 1,024,134                        | 9,022,696      | 9,974,050      | -                                    | 72,780                           | 3,257,462     | 3,298,231     | -                                    | 32,011                           |               |  |
| Joint Services Campus Program                              | 159,728                          | 660,445        | 578,593        | -                                    | 241,580                          | 999,114       | 728,781       | -                                    | 511,913                          |               |  |
| Historical Society   | (7,946)                          | 37,054         | 27,181         | -                                    | 1,927                            | 34,980        | 45,311        | -                                    | (8,404)                          |               |  |
| Alternative Education                                      | 12,154                           | 46,136         | -              | -                                    | 58,290                           | 45,469        | -             | -                                    | 103,759                          |               |  |
| Reading Recovery   | 15,740                           | -              | -              | -                                    | 15,740                           | -             | 15,740        | -                                    | -                                |               |  |
| Rose Klaer Athletic/Cheer Statue; MHS                      | -                                | -              | -              | -                                    | -                                | 114,420       | 12,000        | -                                    | 102,420                          |               |  |
| Instructional Support                                      | 390                              | -              | -              | -                                    | 390                              | -             | 390           | -                                    | -                                |               |  |
| Education Foundations                                      | 37,999                           | 56,709         | 79,890         | -                                    | 14,818                           | 47,090        | 34,366        | -                                    | 27,542                           |               |  |
| Robert Perkins Memorial                                    | 321                              | -              | -              | -                                    | 321                              | -             | 321           | -                                    | -                                |               |  |
| Friends Of Project   | 863                              | -              | -              | -                                    | 863                              | -             | 863           | -                                    | -                                |               |  |
| Support Staff Recognition                                  | (2,399)                          | 9,083          | 6,684          | -                                    | -                                | -             | -             | -                                    | -                                |               |  |
| Elementary Library Books                                   | 2,035                            | -              | -              | -                                    | 2,035                            | -             | 2,035         | -                                    | -                                |               |  |
| Adult and Continuing Education                             | 12,038                           | -              | -              | -                                    | 12,038                           | -             | 12,038        | -                                    | -                                |               |  |
| General Donation Account                                   | 2,112                            | -              | -              | -                                    | 2,112                            | 3,954         | -             | -                                    | 6,066                            |               |  |
| Miscellaneous Programs                                     | (87,876)                         | -              | -              | 87,876                               | -                                | -             | -             | -                                    | -                                |               |  |
| Project Lead the Way 08-09                                 | -                                | -              | -              | -                                    | -                                | 367,969       | 350,041       | -                                    | 17,928                           |               |  |
| Klaer Landscaping @ MHS & Baker (donation)                 | -                                | 63,455         | -              | -                                    | 63,455                           | -             | -             | -                                    | 63,455                           |               |  |
| IN Preschool Grants  | -                                | -              | 153            | -                                    | (153)                            | 14,220        | 2,775         | -                                    | 11,292                           |               |  |
| Isaip- North Side  | 41                               | -              | -              | -                                    | 41                               | -             | 41            | -                                    | -                                |               |  |
| Gifted and Talented  | -                                | 48,586         | 35,962         | -                                    | 12,624                           | 49,516        | 51,129        | -                                    | 11,011                           |               |  |
| Computer Consortium/Ed Tech Advance                        | 4,477                            | -              | -              | -                                    | 4,477                            | -             | 4,477         | -                                    | -                                |               |  |
| Adult and Continuing Education                             | 5,391                            | -              | -              | -                                    | 5,391                            | -             | 5,391         | -                                    | -                                |               |  |
| Medicaid Reimbursement                                     | 60,694                           | 58,798         | 119,492        | -                                    | -                                | 90,888        | 36,944        | -                                    | 53,944                           |               |  |
| Secured Schools Safety Grant                               | -                                | 18,451         | 18,451         | -                                    | -                                | 9,558         | 9,558         | -                                    | -                                |               |  |
| Non-English Speaking Programs                              | 681                              | 7,878          | 5,051          | -                                    | 3,508                            | 11,743        | 13,252        | -                                    | 1,999                            |               |  |
| School Technology  | 1,320                            | -              | -              | -                                    | 1,320                            | 4,404         | -             | -                                    | 5,724                            |               |  |
| Technology Plan Buddy                                      | 177                              | -              | -              | -                                    | 177                              | -             | 177           | -                                    | -                                |               |  |
| Performance Based Awards                                   | (15,056)                         | 16,527         | (3,512)        | -                                    | 4,983                            | 3,390         | 8,373         | -                                    | -                                |               |  |
| Project Lead the Way                                       | (30,299)                         | 35,000         | (7,880)        | -                                    | 12,581                           | 18,291        | 32,688        | -                                    | (1,816)                          |               |  |
| Title I  | -                                | -              | 800            | -                                    | (800)                            | 1,200         | 400           | -                                    | -                                |               |  |
| Title I '07  | (229,865)                        | 1,548,670      | 1,582,099      | -                                    | (263,294)                        | 1,721,031     | 1,821,756     | -                                    | (364,019)                        |               |  |
| (IDEA, Part B) LEA Capacity Building (Sliver) Grants       | (319,101)                        | 2,942,821      | 2,912,446      | -                                    | (288,726)                        | 1,430,813     | 1,239,864     | -                                    | (97,777)                         |               |  |
| 94-142 '04-05  | (1,971)                          | 100,263        | 130,776        | -                                    | (32,484)                         | 71,451        | 42,628        | -                                    | (3,661)                          |               |  |
| Medicaid Reimbursement - Federal                           | 107,515                          | 104,156        | 211,671        | -                                    | -                                | 161,525       | -             | -                                    | 161,525                          |               |  |
| School to Work Opportunity Implementation                  | 11                               | -              | -              | -                                    | 11                               | -             | 11            | -                                    | -                                |               |  |
| Improv Teacher Quality '07-08                              | -                                | -              | -              | -                                    | -                                | -             | 10,813        | -                                    | (10,813)                         |               |  |
| Improving Teacher Quality, No Child Left, Title II, Part A | (6,336)                          | 120,828        | 116,920        | -                                    | (2,428)                          | 192,822       | 207,561       | -                                    | (17,167)                         |               |  |
| Title III - English Proficiency Migrant                    | (158)                            | 6,370          | 6,211          | -                                    | 1                                | 8,727         | 8,727         | -                                    | 1                                |               |  |
| Work Study Program   | 7,643                            | -              | -              | -                                    | 7,643                            | -             | 7,643         | -                                    | -                                |               |  |
| Payroll  | -                                | 30,495,283     | 30,513,044     | -                                    | (17,761)                         | 24,761,353    | 24,740,346    | -                                    | 3,246                            |               |  |
| Totals   | \$ 5,527,458                     | \$ 103,122,054 | \$ 103,236,943 | \$ 879,831                           | \$ 6,292,400                     | \$ 90,621,806 | \$ 88,467,452 | \$ 66,683                            | \$ 8,513,437                     |               |  |

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

SCHOOL CITY OF MISHAWAKA  
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.

*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.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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

*Other receipts.* 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:

*Proceeds of long-term debt.* Amounts received in relation to the issuance of bonds or other long-term debt issues.

*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.

SCHOOL CITY OF MISHAWAKA  
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.

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.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Disbursements**

The financial statement contains disbursements which appear as negative entries. This is a result of correcting disbursement entries that occurred in prior periods.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. A number of funds are negative due to the reimbursable nature of the fund. Those fund balances return to \$0 once reimbursement is received. Negative balances in the Historical Society and Joint Service funds were covered with General fund monies.

The Textbook Rental fund had a negative balance of \$771,705 on June 30, 2015, and \$693,033 on June 30, 2016. The Textbook Rental fund deficit continues to shrink as revenues are collected to cover prior textbook adoptions.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The Self-Insurance fund had a negative balance of \$48,397 on June 30, 2016. This is a result of underfunding the Self-Insurance fund in regard to claims experience. This trend has been corrected. As of June 30, 2017, the Self-Insurance fund reports a positive balance of \$510,806.

The Payroll fund had a negative balance of \$17,761 on June 30, 2015, due to the timing of annuity payments. The fund reported a positive balance by June 30, 2016.

**Note 9. Holding Corporations**

The School Corporation has entered into a capital lease with the School City of Mishawaka Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$2,423,000 and \$2,580,500, respectively.

The School Corporation has entered into capital leases with the Mishawaka 2001 School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$2,561,378 and \$2,633,581, respectively.

**Note 10. Subsequent Events**

In November of 2016, the School Corporation asked homeowners to approve via a referendum a \$13 million lease rental for numerous improvements to the School Corporation school buildings. Many of these improvements had to do with security, secure entrances, check-in, cameras, etc. On April 11, 2017, the School Board approved the issuance of \$13 million of Unlimited Ad Valorem Property Tax First Mortgage Bonds, Series 2017 through a lease with the Mishawaka 2001 School Building Corporation (Building Corporation). Payments will begin in June 2018 and will be made semiannually until December 2032. The Building Corporation was organized to issue bonds pursuant to Indiana Code Title 20, Article 47, Chapters 3 and 4 to finance these improvements to the School Corporation school buildings and lease them to the School Corporation.

**Note 11. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the following benefits: health, dental, and vision insurance. Retirees are responsible for the full cost of these insurance premiums. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

The School Corporation offers health care to retirees until they reach Medicare eligibility. To be eligible, a retiree must have completed 15 years of service with the School Corporation and be 55 years old by the end of the August in the year in which the employee retires. There were 62 retirees and spouses (through COBRA) receiving this benefit; however, the School Corporation only makes contributions for the retirees. The School Corporation contributes \$2,300 annually to each eligible retiree and there were 53 retirees receiving this contribution. The School Corporation contributed \$103,883 in 2016.

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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.

SCHOOL CITY OF MISHAWAKA  
 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      | Exempt Debt         | Capital Projects  | School Transportation | School Bus Replacement | Rainy Day         | Post-Retirement/<br>Severance<br>Future Benefits | Construction     | A0524<br>2004<br>Multischool | Steele<br>Stadium<br>Improvement |
|---|---------------------|-------------------|---------------------|-------------------|-----------------------|------------------------|-------------------|--|------------------|------------------------------|----------------------------------|
| Cash and investments - beginning  | \$ 1,386,001        | \$ 424,936        | \$ 3,361,508        | \$ 914,140        | \$ 311,586            | \$ 29,195              | \$ 205,567        | \$ 5,200   | \$ 1,734         | \$ 15                        | \$ 15,576                        |
| Receipts:   |                     |                   |                     |                   |                       |                        |                   |  |                  |                              |                                  |
| Local sources   | 469,997             | 963,387           | 5,111,659           | 1,986,701         | 487,493               | 75,602                 | -                 | -  | -                | -                            | 1,050                            |
| State sources   | 33,684,904          | -                 | -                   | -                 | -                     | -                      | -                 | -  | -                | -                            | -                                |
| Federal sources   | -                   | -                 | -                   | -                 | -                     | -                      | -                 | -  | -                | -                            | -                                |
| Temporary loans   | 300,000             | 425,000           | 350,000             | 1,250,000         | 220,000               | -                      | -                 | -  | -                | -                            | -                                |
| Other receipts  | 278,481             | -                 | -                   | 52,782            | 79,984                | -                      | -                 | -  | -                | -                            | -                                |
| Total receipts  | <u>34,733,382</u>   | <u>1,388,387</u>  | <u>5,461,659</u>    | <u>3,289,483</u>  | <u>787,477</u>        | <u>75,602</u>          | <u>-</u>          | <u>-</u>   | <u>-</u>         | <u>-</u>                     | <u>1,050</u>                     |
| Disbursements:  |                     |                   |                     |                   |                       |                        |                   |  |                  |                              |                                  |
| Instruction   | 22,480,326          | -                 | -                   | -                 | -                     | -                      | -                 | -  | -                | -                            | -                                |
| Support services  | 9,832,422           | -                 | -                   | 1,945,550         | 635,879               | 100,889                | 100,136           | -  | -                | -                            | -                                |
| Noninstructional services   | 403,509             | -                 | -                   | -                 | -                     | -                      | -                 | -  | -                | -                            | -                                |
| Facilities acquisition and construction   | 794,739             | -                 | -                   | 412,528           | -                     | -                      | -                 | -  | 879,830          | -                            | -                                |
| Debt service  | 807,789             | 899,357           | 5,834,759           | 1,136,000         | 254,000               | -                      | -                 | -  | -                | -                            | -                                |
| Nonprogrammed charges   | -                   | -                 | -                   | -                 | -                     | -                      | -                 | -  | -                | -                            | -                                |
| Total disbursements   | <u>34,318,785</u>   | <u>899,357</u>    | <u>5,834,759</u>    | <u>3,494,078</u>  | <u>889,879</u>        | <u>100,889</u>         | <u>100,136</u>    | <u>-</u>   | <u>879,830</u>   | <u>-</u>                     | <u>-</u>                         |
| Excess (deficiency) of receipts over disbursements  | <u>414,597</u>      | <u>489,030</u>    | <u>(373,100)</u>    | <u>(204,595)</u>  | <u>(102,402)</u>      | <u>(25,287)</u>        | <u>(100,136)</u>  | <u>-</u>   | <u>(879,830)</u> | <u>-</u>                     | <u>1,050</u>                     |
| Other financing sources (uses):   |                     |                   |                     |                   |                       |                        |                   |  |                  |                              |                                  |
| Proceeds of long-term debt  | -                   | -                 | -                   | -                 | -                     | -                      | -                 | -  | 879,831          | -                            | -                                |
| Transfers in  | -                   | (349,757)         | 115,826             | -                 | -                     | -                      | -                 | -  | -                | -                            | -                                |
| Transfers out   | -                   | -                 | -                   | -                 | -                     | -                      | -                 | -  | -                | -                            | -                                |
| Total other financing sources (uses)  | <u>-</u>            | <u>(349,757)</u>  | <u>115,826</u>      | <u>-</u>          | <u>-</u>              | <u>-</u>               | <u>-</u>          | <u>-</u>   | <u>879,831</u>   | <u>-</u>                     | <u>-</u>                         |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>414,597</u>      | <u>139,273</u>    | <u>(257,274)</u>    | <u>(204,595)</u>  | <u>(102,402)</u>      | <u>(25,287)</u>        | <u>(100,136)</u>  | <u>-</u>   | <u>1</u>         | <u>-</u>                     | <u>1,050</u>                     |
| Cash and investments - ending   | <u>\$ 1,800,598</u> | <u>\$ 564,209</u> | <u>\$ 3,104,234</u> | <u>\$ 709,545</u> | <u>\$ 209,184</u>     | <u>\$ 3,908</u>        | <u>\$ 105,431</u> | <u>\$ 5,200</u>                                  | <u>\$ 1,735</u>  | <u>\$ 15</u>                 | <u>\$ 16,626</u>                 |

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

|   | A0558<br>-<br>Gift<br>Donations | School<br>Lunch   | Textbook<br>Rental  | Repair<br>and<br>Replacement | Self-<br>Insurance | Levy<br>Excess | Joint<br>Services<br>and Supply -<br>Special<br>Education<br>Cooperative | Joint<br>Service<br>Preschool | Joint<br>Services<br>Inservice<br>Cleaning | Joint<br>Services<br>and Supply -<br>Area<br>Vocational<br>School |
|---|---------------------------------|-------------------|---------------------|------------------------------|--------------------|----------------|--|-------------------------------|--|---|
| Cash and investments - beginning  | \$ -                            | \$ 133,426        | \$ (870,195)        | \$ 8,737                     | \$ (1,024,066)     | \$ -           | \$ 5,565   | \$ (146,146)                  | \$ 10,222                                  | \$ 1,024,134  |
| Receipts:   |                                 |                   |                     |                              |                    |                |  |                               |  |   |
| Local sources   | 91,278                          | 567,274           | 209,912             | -                            | 7,884,143          | 819            | -  | 1,156,714                     | -  | 9,021,173   |
| State sources   | -                               | 77,849            | 245,978             | -                            | -                  | -              | -  | -                             | -  | -   |
| Federal sources   | -                               | 1,751,487         | -                   | -                            | -                  | -              | -  | -                             | -  | -   |
| Temporary loans   | -                               | -                 | -                   | -                            | -                  | -              | -  | -                             | -  | -   |
| Other receipts  | -                               | -                 | -                   | -                            | -                  | -              | -  | 351                           | -  | 1,523   |
| Total receipts  | <u>91,278</u>                   | <u>2,396,610</u>  | <u>455,890</u>      | <u>-</u>                     | <u>7,884,143</u>   | <u>819</u>     | <u>-</u>   | <u>1,157,065</u>              | <u>-</u>                                   | <u>9,022,696</u>  |
| Disbursements:  |                                 |                   |                     |                              |                    |                |  |                               |  |   |
| Instruction   | 1,270                           | -                 | 296                 | -                            | 4,645,823          | -              | -  | 986,920                       | -  | 8,524,177   |
| Support services  | 2,630                           | 8,704             | 591,035             | -                            | 1,578,474          | -              | -  | 3,696                         | -  | 1,449,873   |
| Noninstructional services   | -                               | 2,316,874         | -                   | -                            | 276,289            | -              | -  | -                             | -  | -   |
| Facilities acquisition and construction   | (863)                           | -                 | -                   | -                            | -                  | -              | -  | -                             | -  | -   |
| Debt service  | -                               | -                 | -                   | -                            | -                  | -              | -  | -                             | -  | -   |
| Nonprogrammed charges   | -                               | -                 | -                   | -                            | -                  | -              | -  | -                             | -  | -   |
| Total disbursements   | <u>3,037</u>                    | <u>2,325,578</u>  | <u>591,331</u>      | <u>-</u>                     | <u>6,500,586</u>   | <u>-</u>       | <u>-</u>   | <u>990,616</u>                | <u>-</u>                                   | <u>9,974,050</u>  |
| Excess (deficiency) of receipts over disbursements  | <u>88,241</u>                   | <u>71,032</u>     | <u>(135,441)</u>    | <u>-</u>                     | <u>1,383,557</u>   | <u>819</u>     | <u>-</u>   | <u>166,449</u>                | <u>-</u>                                   | <u>(951,354)</u>  |
| Other financing sources (uses):   |                                 |                   |                     |                              |                    |                |  |                               |  |   |
| Proceeds of long-term debt  | -                               | -                 | -                   | -                            | -                  | -              | -  | -                             | -  | -   |
| Transfers in  | (87,876)                        | -                 | 233,931             | -                            | -                  | -              | -  | -                             | -  | -   |
| Transfers out   | -                               | -                 | -                   | -                            | -                  | -              | -  | -                             | -  | -   |
| Total other financing sources (uses)  | <u>(87,876)</u>                 | <u>-</u>          | <u>233,931</u>      | <u>-</u>                     | <u>-</u>           | <u>-</u>       | <u>-</u>   | <u>-</u>                      | <u>-</u>                                   | <u>-</u>  |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>365</u>                      | <u>71,032</u>     | <u>98,490</u>       | <u>-</u>                     | <u>1,383,557</u>   | <u>819</u>     | <u>-</u>   | <u>166,449</u>                | <u>-</u>                                   | <u>(951,354)</u>  |
| Cash and investments - ending   | \$ <u>365</u>                   | \$ <u>204,458</u> | \$ <u>(771,705)</u> | \$ <u>8,737</u>              | \$ <u>359,491</u>  | \$ <u>819</u>  | \$ <u>5,565</u>  | \$ <u>20,303</u>              | \$ <u>10,222</u>                           | \$ <u>72,780</u>  |

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

|   | Joint<br>Services<br>Campus<br>Program | Historical<br>Society | Alternative<br>Education | Reading<br>Recovery | Rose Klaer<br>Athletic/Cheer<br>Statue; MHS | Instructional<br>Support | Education<br>Foundations | Robert<br>Perkins<br>Memorial | Friends<br>Of<br>Project | Support<br>Staff<br>Recognition |
|---|--|-----------------------|--------------------------|---------------------|---|--------------------------|--------------------------|-------------------------------|--------------------------|---------------------------------|
| Cash and investments - beginning  | \$ 159,728                             | \$ (7,946)            | \$ 12,154                | \$ 15,740           | \$ -  | \$ 390                   | \$ 37,999                | \$ 321                        | \$ 863                   | \$ (2,399)                      |
| Receipts:   |  |                       |                          |                     |   |                          |                          |                               |                          |                                 |
| Local sources   | 660,445                                | 32,755                | -                        | -                   | -   | -                        | 56,709                   | -                             | -                        | 9,083                           |
| State sources   | -                                      | -                     | 46,136                   | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Federal sources   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Temporary loans   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Other receipts  | -                                      | 4,299                 | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Total receipts  | 660,445                                | 37,054                | 46,136                   | -                   | -   | -                        | 56,709                   | -                             | -                        | 9,083                           |
| Disbursements:  |  |                       |                          |                     |   |                          |                          |                               |                          |                                 |
| Instruction   | 428,416                                | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Support services  | 150,177                                | 27,181                | -                        | -                   | -   | -                        | 79,890                   | -                             | -                        | 6,684                           |
| Noninstructional services   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Facilities acquisition and construction   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Debt service  | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Nonprogrammed charges   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Total disbursements   | 578,593                                | 27,181                | -                        | -                   | -   | -                        | 79,890                   | -                             | -                        | 6,684                           |
| Excess (deficiency) of receipts over disbursements  | 81,852                                 | 9,873                 | 46,136                   | -                   | -   | -                        | (23,181)                 | -                             | -                        | 2,399                           |
| Other financing sources (uses):   |  |                       |                          |                     |   |                          |                          |                               |                          |                                 |
| Proceeds of long-term debt  | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Transfers in  | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Transfers out   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Total other financing sources (uses)  | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 81,852                                 | 9,873                 | 46,136                   | -                   | -   | -                        | (23,181)                 | -                             | -                        | 2,399                           |
| Cash and investments - ending   | \$ 241,580                             | \$ 1,927              | \$ 58,290                | \$ 15,740           | \$ -  | \$ 390                   | \$ 14,818                | \$ 321                        | \$ 863                   | \$ -                            |

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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|   | Elementary<br>Library<br>Books | Adult<br>and<br>Continuing<br>Education | General<br>Donation<br>Account | Miscellaneous<br>Programs | Project<br>Lead<br>the<br>Way<br>08-09 | Klear<br>Landscaping @<br>MHS & Baker<br>(donation) | IN<br>Preschool<br>Grants | Isaip-<br>North<br>Side | Gifted<br>and<br>Talented | Computer<br>Consortium/<br>Ed Tech<br>Advance |
|---|--------------------------------|---|--------------------------------|---------------------------|--|---|---------------------------|-------------------------|---------------------------|---|
| Cash and investments - beginning  | \$ 2,035                       | \$ 12,038                               | \$ 2,112                       | \$ (87,876)               | \$ -                                   | \$ -  | \$ -                      | \$ 41                   | \$ -                      | \$ 4,477                                      |
| Receipts:   |                                |   |                                |                           |  |   |                           |                         |                           |   |
| Local sources   | -                              | -                                       | -                              | -                         | -                                      | 63,455  | -                         | -                       | -                         | -   |
| State sources   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | 48,586                    | -   |
| Federal sources   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Temporary loans   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Other receipts  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Total receipts  | -                              | -                                       | -                              | -                         | -                                      | 63,455  | -                         | -                       | 48,586                    | -   |
| Disbursements:  |                                |   |                                |                           |  |   |                           |                         |                           |   |
| Instruction   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | 35,962                    | -   |
| Support services  | -                              | -                                       | -                              | -                         | -                                      | -   | 153                       | -                       | -                         | -   |
| Noninstructional services   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Facilities acquisition and construction   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Debt service  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Nonprogrammed charges   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Total disbursements   | -                              | -                                       | -                              | -                         | -                                      | -   | 153                       | -                       | 35,962                    | -   |
| Excess (deficiency) of receipts over<br>disbursements   | -                              | -                                       | -                              | -                         | -                                      | 63,455  | (153)                     | -                       | 12,624                    | -   |
| Other financing sources (uses):   |                                |   |                                |                           |  |   |                           |                         |                           |   |
| Proceeds of long-term debt  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Transfers in  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Transfers out   | -                              | -                                       | -                              | 87,876                    | -                                      | -   | -                         | -                       | -                         | -   |
| Total other financing sources (uses)  | -                              | -                                       | -                              | 87,876                    | -                                      | -   | -                         | -                       | -                         | -   |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | -                              | -                                       | -                              | 87,876                    | -                                      | 63,455  | (153)                     | -                       | 12,624                    | -   |
| Cash and investments - ending   | \$ 2,035                       | \$ 12,038                               | \$ 2,112                       | \$ -                      | \$ -                                   | \$ 63,455   | \$ (153)                  | \$ 41                   | \$ 12,624                 | \$ 4,477                                      |

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

|   | Adult<br>and<br>Continuing<br>Education | Medicaid<br>Reimbursement | Secured<br>Schools<br>Safety<br>Grant | Non-English<br>Speaking<br>Programs | School<br>Technology | Technology<br>Plan<br>Buddy | Performance<br>Based<br>Awards | Project<br>Lead<br>the<br>Way | Title I  | Title I<br>'07 |
|---|---|---------------------------|---------------------------------------|-------------------------------------|----------------------|-----------------------------|--------------------------------|-------------------------------|----------|----------------|
| Cash and investments - beginning  | \$ 5,391                                | \$ 60,694                 | \$ -                                  | \$ 681                              | \$ 1,320             | \$ 177                      | \$ (15,056)                    | \$ (30,299)                   | \$ -     | \$ (229,865)   |
| Receipts:   |   |                           |                                       |                                     |                      |                             |                                |                               |          |                |
| Local sources   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | 35,000                        | -        | -              |
| State sources   | -                                       | 58,798                    | 18,451                                | 7,878                               | -                    | -                           | 16,527                         | -                             | -        | -              |
| Federal sources   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | 1,548,670      |
| Temporary loans   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Other receipts  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Total receipts  | -                                       | 58,798                    | 18,451                                | 7,878                               | -                    | -                           | 16,527                         | 35,000                        | -        | 1,548,670      |
| Disbursements:  |   |                           |                                       |                                     |                      |                             |                                |                               |          |                |
| Instruction   | -                                       | -                         | -                                     | -                                   | -                    | -                           | (3,512)                        | 82                            | -        | 1,230,710      |
| Support services  | -                                       | 119,492                   | 18,451                                | 5,051                               | -                    | -                           | -                              | (7,962)                       | 800      | 336,077        |
| Noninstructional services   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | 15,312         |
| Facilities acquisition and construction   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Debt service  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Nonprogrammed charges   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Total disbursements   | -                                       | 119,492                   | 18,451                                | 5,051                               | -                    | -                           | (3,512)                        | (7,880)                       | 800      | 1,582,099      |
| Excess (deficiency) of receipts over disbursements  | -                                       | (60,694)                  | -                                     | 2,827                               | -                    | -                           | 20,039                         | 42,880                        | (800)    | (33,429)       |
| Other financing sources (uses):   |   |                           |                                       |                                     |                      |                             |                                |                               |          |                |
| Proceeds of long-term debt  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Transfers in  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Transfers out   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Total other financing sources (uses)  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                                       | (60,694)                  | -                                     | 2,827                               | -                    | -                           | 20,039                         | 42,880                        | (800)    | (33,429)       |
| Cash and investments - ending   | \$ 5,391                                | \$ -                      | \$ -                                  | \$ 3,508                            | \$ 1,320             | \$ 177                      | \$ 4,983                       | \$ 12,581                     | \$ (800) | \$ (263,294)   |

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

|   | (IDEA, Part B)<br>LEA Capacity<br>Building<br>(Sliver)<br>Grants | 94-142<br>'04-05 | Medicaid<br>Reimbursement -<br>Federal | School<br>to Work<br>Opportunity<br>Implementation | Improv<br>Teacher<br>Quality<br>'07-08 | Improving<br>Teacher<br>Quality,<br>No Child<br>Left,<br>Title II, Part A | Title III -<br>English<br>Proficiency<br>Migrant | Work<br>Study<br>Program | Payroll           | Totals             |
|---|--|------------------|--|--|--|---|--|--------------------------|-------------------|--------------------|
| Cash and investments - beginning  | \$ (319,101)   | \$ (1,971)       | \$ 107,515                             | \$ 11  | \$ -                                   | \$ (6,336)  | \$ (158)   | \$ 7,643                 | \$ -              | \$ 5,527,458       |
| Receipts:   |  |                  |  |  |  |   |  |                          |                   |                    |
| Local sources   | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 28,884,649         |
| State sources   | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 34,205,107         |
| Federal sources   | 2,942,821  | 100,263          | 104,156                                | -  | -                                      | 120,828   | 6,370  | -                        | -                 | 6,574,595          |
| Temporary loans   | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 2,545,000          |
| Other receipts  | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | 30,495,283        | 30,912,703         |
| Total receipts  | <u>2,942,821</u>   | <u>100,263</u>   | <u>104,156</u>                         | <u>-</u>   | <u>-</u>                               | <u>120,828</u>  | <u>6,370</u>                                     | <u>-</u>                 | <u>30,495,283</u> | <u>103,122,054</u> |
| Disbursements:  |  |                  |  |  |  |   |  |                          |                   |                    |
| Instruction   | 2,634,358  | 130,776          | -                                      | -  | -                                      | 263   | -  | -                        | -                 | 41,095,867         |
| Support services  | 278,088  | -                | 211,671                                | -  | -                                      | 116,657   | 6,211  | -                        | -                 | 17,597,909         |
| Noninstructional services   | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 3,011,984          |
| Facilities acquisition and construction   | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 2,086,234          |
| Debt service  | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 8,931,905          |
| Nonprogrammed charges   | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | 30,513,044        | 30,513,044         |
| Total disbursements   | <u>2,912,446</u>   | <u>130,776</u>   | <u>211,671</u>                         | <u>-</u>   | <u>-</u>                               | <u>116,920</u>  | <u>6,211</u>                                     | <u>-</u>                 | <u>30,513,044</u> | <u>103,236,943</u> |
| Excess (deficiency) of receipts over disbursements  | <u>30,375</u>  | <u>(30,513)</u>  | <u>(107,515)</u>                       | <u>-</u>   | <u>-</u>                               | <u>3,908</u>  | <u>159</u>                                       | <u>-</u>                 | <u>(17,761)</u>   | <u>(114,889)</u>   |
| Other financing sources (uses):   |  |                  |  |  |  |   |  |                          |                   |                    |
| Proceeds of long-term debt  | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 879,831            |
| Transfers in  | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | (87,876)           |
| Transfers out   | -  | -                | -                                      | -  | -                                      | -   | -  | -                        | -                 | 87,876             |
| Total other financing sources (uses)  | <u>-</u>   | <u>-</u>         | <u>-</u>                               | <u>-</u>   | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>          | <u>879,831</u>     |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>30,375</u>  | <u>(30,513)</u>  | <u>(107,515)</u>                       | <u>-</u>   | <u>-</u>                               | <u>3,908</u>  | <u>159</u>                                       | <u>-</u>                 | <u>(17,761)</u>   | <u>764,942</u>     |
| Cash and investments - ending   | \$ (288,726)   | \$ (32,484)      | \$ -                                   | \$ 11  | \$ -                                   | \$ (2,428)  | \$ 1   | \$ 7,643                 | \$ (17,761)       | \$ 6,292,400       |

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 For the Year Ended June 30, 2016

|   | General      | Debt Service | Exempt Debt  | Capital Projects | School Transportation | School Bus Replacement | Rainy Day  | Post-Retirement/<br>Severance<br>Future Benefits | Construction | A0524<br>2004<br>Multischool | Steele<br>Stadium<br>Improvement |
|---|--------------|--------------|--------------|------------------|-----------------------|------------------------|------------|--|--------------|------------------------------|----------------------------------|
| Cash and investments - beginning  | \$ 1,800,598 | \$ 564,209   | \$ 3,104,234 | \$ 709,545       | \$ 209,184            | \$ 3,908               | \$ 105,431 | \$ 5,200   | \$ 1,735     | \$ 15                        | \$ 16,626                        |
| Receipts:   |              |              |              |                  |                       |                        |            |  |              |                              |                                  |
| Local sources   | 220,722      | 1,005,909    | 5,668,912    | 2,174,366        | 480,007               | 77,942                 | 15,619     | 7,300  | -            | -                            | -                                |
| State sources   | 34,734,010   | -            | -            | -                | -                     | -                      | -          | -  | -            | -                            | -                                |
| Federal sources   | 12,874       | -            | -            | -                | -                     | -                      | -          | -  | -            | -                            | -                                |
| Temporary loans   | -            | 62,000       | 373,000      | 1,901,000        | 364,000               | -                      | -          | -  | -            | -                            | -                                |
| Other receipts  | 470,877      | -            | -            | 35,553           | 111,438               | -                      | -          | -  | -            | -                            | -                                |
| Total receipts  | 35,438,483   | 1,067,909    | 6,041,912    | 4,110,919        | 955,445               | 77,942                 | 15,619     | 7,300  | -            | -                            | -                                |
| Disbursements:  |              |              |              |                  |                       |                        |            |  |              |                              |                                  |
| Instruction   | 21,474,266   | -            | -            | -                | -                     | -                      | -          | 12,500   | -            | -                            | -                                |
| Support services  | 10,894,273   | 83,075       | -            | 2,321,969        | 640,685               | 67,057                 | 39,279     | -  | -            | 15                           | -                                |
| Noninstructional services   | 398,372      | -            | -            | -                | -                     | -                      | -          | -  | -            | -                            | -                                |
| Facilities acquisition and construction   | 1,303,326    | -            | -            | (205,890)        | -                     | -                      | -          | -  | -            | -                            | -                                |
| Debt service  | 317,346      | 1,204,698    | 5,920,454    | 1,250,000        | 220,000               | -                      | -          | -  | -            | -                            | -                                |
| Nonprogrammed charges   | -            | -            | -            | -                | -                     | -                      | -          | -  | -            | -                            | -                                |
| Total disbursements   | 34,387,583   | 1,287,773    | 5,920,454    | 3,366,079        | 860,685               | 67,057                 | 39,279     | 12,500   | -            | 15                           | -                                |
| Excess (deficiency) of receipts over disbursements  | 1,050,900    | (219,864)    | 121,458      | 744,840          | 94,760                | 10,885                 | (23,660)   | (5,200)  | -            | (15)                         | -                                |
| Other financing sources (uses):   |              |              |              |                  |                       |                        |            |  |              |                              |                                  |
| Proceeds of long-term debt  | 44,581       | -            | -            | 22,102           | -                     | -                      | -          | -  | -            | -                            | -                                |
| Transfers in  | -            | -            | -            | -                | -                     | -                      | -          | -  | -            | -                            | -                                |
| Transfers out   | -            | -            | -            | -                | -                     | -                      | -          | -  | -            | -                            | -                                |
| Total other financing sources (uses)  | 44,581       | -            | -            | 22,102           | -                     | -                      | -          | -  | -            | -                            | -                                |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 1,095,481    | (219,864)    | 121,458      | 766,942          | 94,760                | 10,885                 | (23,660)   | (5,200)  | -            | (15)                         | -                                |
| Cash and investments - ending   | \$ 2,896,079 | \$ 344,345   | \$ 3,225,692 | \$ 1,476,487     | \$ 303,944            | \$ 14,793              | \$ 81,771  | \$ -   | \$ 1,735     | \$ -                         | \$ 16,626                        |

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|   | A0558<br>-<br>Gift<br>Donations | School<br>Lunch | Textbook<br>Rental | Repair<br>and<br>Replacement | Self-<br>Insurance | Levy<br>Excess | Joint<br>Services<br>and Supply -<br>Special<br>Education<br>Cooperative | Joint<br>Service<br>Preschool | Joint<br>Services<br>Inservice<br>Cleaning | Joint<br>Services<br>and Supply -<br>Area<br>Vocational<br>School |
|---|---------------------------------|-----------------|--------------------|------------------------------|--------------------|----------------|--|-------------------------------|--|---|
| Cash and investments - beginning  | \$ 365                          | \$ 204,458      | \$ (771,705)       | \$ 8,737                     | \$ 359,491         | \$ 819         | \$ 5,565   | \$ 20,303                     | \$ 10,222                                  | \$ 72,780   |
| Receipts:   |                                 |                 |                    |                              |                    |                |  |                               |  |   |
| Local sources   | 134                             | 601,778         | 41,178             | -                            | 6,297,058          | -              | -  | 344,462                       | -  | 3,257,282   |
| State sources   | -                               | 58,245          | 260,114            | -                            | -                  | -              | -  | -                             | -  | -   |
| Federal sources   | -                               | 1,881,724       | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Temporary loans   | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Other receipts  | 30                              | 18              | 85                 | -                            | -                  | -              | -  | 61                            | -  | 180   |
| Total receipts  | 164                             | 2,541,765       | 301,377            | -                            | 6,297,058          | -              | -  | 344,523                       | -  | 3,257,462   |
| Disbursements:  |                                 |                 |                    |                              |                    |                |  |                               |  |   |
| Instruction   | 1,060                           | -               | -                  | -                            | 4,661,586          | -              | -  | 363,642                       | -  | 2,906,881   |
| Support services  | -                               | 4,261           | 222,705            | 8,737                        | 1,756,267          | 819            | 5,565  | -                             | 10,222                                     | 391,350   |
| Noninstructional services   | -                               | 2,459,399       | -                  | -                            | 287,093            | -              | -  | -                             | -  | -   |
| Facilities acquisition and construction   | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Debt service  | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Nonprogrammed charges   | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Total disbursements   | 1,060                           | 2,463,660       | 222,705            | 8,737                        | 6,704,946          | 819            | 5,565  | 363,642                       | 10,222                                     | 3,298,231   |
| Excess (deficiency) of receipts over disbursements  | (896)                           | 78,105          | 78,672             | (8,737)                      | (407,888)          | (819)          | (5,565)  | (19,119)                      | (10,222)                                   | (40,769)  |
| Other financing sources (uses):   |                                 |                 |                    |                              |                    |                |  |                               |  |   |
| Proceeds of long-term debt  | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Transfers in  | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Transfers out   | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Total other financing sources (uses)  | -                               | -               | -                  | -                            | -                  | -              | -  | -                             | -  | -   |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (896)                           | 78,105          | 78,672             | (8,737)                      | (407,888)          | (819)          | (5,565)  | (19,119)                      | (10,222)                                   | (40,769)  |
| Cash and investments - ending   | \$ (531)                        | \$ 282,563      | \$ (693,033)       | \$ -                         | \$ (48,397)        | \$ -           | \$ -   | \$ 1,184                      | \$ -                                       | \$ 32,011   |

SCHOOL CITY OF MISHAWAKA  
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|   | Joint<br>Services<br>Campus<br>Program | Historical<br>Society | Alternative<br>Education | Reading<br>Recovery | Rose Klaer<br>Athletic/Cheer<br>Statue; MHS | Instructional<br>Support | Education<br>Foundations | Robert<br>Perkins<br>Memorial | Friends<br>Of<br>Project | Support<br>Staff<br>Recognition |
|---|--|-----------------------|--------------------------|---------------------|---|--------------------------|--------------------------|-------------------------------|--------------------------|---------------------------------|
| Cash and investments - beginning  | \$ 241,580                             | \$ 1,927              | \$ 58,290                | \$ 15,740           | \$ -  | \$ 390                   | \$ 14,818                | \$ 321                        | \$ 863                   | \$ -                            |
| Receipts:   |  |                       |                          |                     |   |                          |                          |                               |                          |                                 |
| Local sources   | 999,114                                | 31,280                | -                        | -                   | -   | -                        | 47,090                   | -                             | -                        | -                               |
| State sources   | -                                      | -                     | 45,469                   | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Federal sources   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Temporary loans   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Other receipts  | -                                      | 3,700                 | -                        | -                   | 114,420                                     | -                        | -                        | -                             | -                        | -                               |
| Total receipts  | 999,114                                | 34,980                | 45,469                   | -                   | 114,420                                     | -                        | 47,090                   | -                             | -                        | -                               |
| Disbursements:  |  |                       |                          |                     |   |                          |                          |                               |                          |                                 |
| Instruction   | 333,352                                | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Support services  | 395,429                                | 45,311                | -                        | 15,740              | -   | 390                      | 34,366                   | 321                           | 863                      | -                               |
| Noninstructional services   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Facilities acquisition and construction   | -                                      | -                     | -                        | -                   | 12,000                                      | -                        | -                        | -                             | -                        | -                               |
| Debt service  | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Nonprogrammed charges   | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Total disbursements   | 728,781                                | 45,311                | -                        | 15,740              | 12,000                                      | 390                      | 34,366                   | 321                           | 863                      | -                               |
| Excess (deficiency) of receipts over disbursements  | 270,333                                | (10,331)              | 45,469                   | (15,740)            | 102,420                                     | (390)                    | 12,724                   | (321)                         | (863)                    | -                               |
| Other financing sources (uses):   |  |                       |                          |                     |   |                          |                          |                               |                          |                                 |
| Proceeds of long-term debt  | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Transfers in  | 398,721                                | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Transfers out   | (398,721)                              | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Total other financing sources (uses)  | -                                      | -                     | -                        | -                   | -   | -                        | -                        | -                             | -                        | -                               |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 270,333                                | (10,331)              | 45,469                   | (15,740)            | 102,420                                     | (390)                    | 12,724                   | (321)                         | (863)                    | -                               |
| Cash and investments - ending   | \$ 511,913                             | \$ (8,404)            | \$ 103,759               | \$ -                | \$ 102,420                                  | \$ -                     | \$ 27,542                | \$ -                          | \$ -                     | \$ -                            |

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

|   | Elementary<br>Library<br>Books | Adult<br>and<br>Continuing<br>Education | General<br>Donation<br>Account | Miscellaneous<br>Programs | Project<br>Lead<br>the<br>Way<br>08-09 | Klear<br>Landscaping @<br>MHS & Baker<br>(donation) | IN<br>Preschool<br>Grants | Isaip-<br>North<br>Side | Gifted<br>and<br>Talented | Computer<br>Consortium/<br>Ed Tech<br>Advance |
|---|--------------------------------|---|--------------------------------|---------------------------|--|---|---------------------------|-------------------------|---------------------------|---|
| Cash and investments - beginning  | \$ 2,035                       | \$ 12,038                               | \$ 2,112                       | \$ -                      | \$ -                                   | \$ 63,455   | \$ (153)                  | \$ 41                   | \$ 12,624                 | \$ 4,477                                      |
| Receipts:   |                                |   |                                |                           |  |   |                           |                         |                           |   |
| Local sources   | -                              | -                                       | 3,954                          | -                         | 367,969                                | -   | 220                       | -                       | -                         | -   |
| State sources   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | 49,516                    | -   |
| Federal sources   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Temporary loans   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Other receipts  | -                              | -                                       | -                              | -                         | -                                      | -   | 14,000                    | -                       | -                         | -   |
| Total receipts  | -                              | -                                       | 3,954                          | -                         | 367,969                                | -   | 14,220                    | -                       | 49,516                    | -   |
| Disbursements:  |                                |   |                                |                           |  |   |                           |                         |                           |   |
| Instruction   | -                              | -                                       | -                              | -                         | 331,750                                | -   | 2,708                     | -                       | 51,129                    | -   |
| Support services  | 2,035                          | 12,038                                  | -                              | -                         | 18,291                                 | -   | 67                        | 41                      | -                         | 4,477   |
| Noninstructional services   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Facilities acquisition and construction   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Debt service  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Nonprogrammed charges   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Total disbursements   | 2,035                          | 12,038                                  | -                              | -                         | 350,041                                | -   | 2,775                     | 41                      | 51,129                    | 4,477   |
| Excess (deficiency) of receipts over<br>disbursements   | (2,035)                        | (12,038)                                | 3,954                          | -                         | 17,928                                 | -   | 11,445                    | (41)                    | (1,613)                   | (4,477)                                       |
| Other financing sources (uses):   |                                |   |                                |                           |  |   |                           |                         |                           |   |
| Proceeds of long-term debt  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Transfers in  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Transfers out   | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Total other financing sources (uses)  | -                              | -                                       | -                              | -                         | -                                      | -   | -                         | -                       | -                         | -   |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | (2,035)                        | (12,038)                                | 3,954                          | -                         | 17,928                                 | -   | 11,445                    | (41)                    | (1,613)                   | (4,477)                                       |
| Cash and investments - ending   | \$ -                           | \$ -                                    | \$ 6,066                       | \$ -                      | \$ 17,928                              | \$ 63,455   | \$ 11,292                 | \$ -                    | \$ 11,011                 | \$ -  |

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

|   | Adult<br>and<br>Continuing<br>Education | Medicaid<br>Reimbursement | Secured<br>Schools<br>Safety<br>Grant | Non-English<br>Speaking<br>Programs | School<br>Technology | Technology<br>Plan<br>Buddy | Performance<br>Based<br>Awards | Project<br>Lead<br>the<br>Way | Title I  | Title I<br>'07 |
|---|---|---------------------------|---------------------------------------|-------------------------------------|----------------------|-----------------------------|--------------------------------|-------------------------------|----------|----------------|
| Cash and investments - beginning  | \$ 5,391                                | \$ -                      | \$ -                                  | \$ 3,508                            | \$ 1,320             | \$ 177                      | \$ 4,983                       | \$ 12,581                     | \$ (800) | \$ (263,294)   |
| Receipts:   |   |                           |                                       |                                     |                      |                             |                                |                               |          |                |
| Local sources   | -                                       | -                         | 9,558                                 | -                                   | -                    | -                           | -                              | 18,291                        | -        | -              |
| State sources   | -                                       | 90,888                    | -                                     | 11,743                              | 4,404                | -                           | 3,390                          | -                             | -        | -              |
| Federal sources   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | 1,200    | 1,721,031      |
| Temporary loans   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Other receipts  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Total receipts  | -                                       | 90,888                    | 9,558                                 | 11,743                              | 4,404                | -                           | 3,390                          | 18,291                        | 1,200    | 1,721,031      |
| Disbursements:  |   |                           |                                       |                                     |                      |                             |                                |                               |          |                |
| Instruction   | -                                       | -                         | -                                     | 8,678                               | -                    | -                           | -                              | -                             | -        | 1,433,277      |
| Support services  | 5,391                                   | 36,944                    | 9,558                                 | 4,574                               | -                    | 177                         | 8,373                          | 32,688                        | 400      | 359,973        |
| Noninstructional services   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | 28,506         |
| Facilities acquisition and construction   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Debt service  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Nonprogrammed charges   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Total disbursements   | 5,391                                   | 36,944                    | 9,558                                 | 13,252                              | -                    | 177                         | 8,373                          | 32,688                        | 400      | 1,821,756      |
| Excess (deficiency) of receipts over disbursements  | (5,391)                                 | 53,944                    | -                                     | (1,509)                             | 4,404                | (177)                       | (4,983)                        | (14,397)                      | 800      | (100,725)      |
| Other financing sources (uses):   |   |                           |                                       |                                     |                      |                             |                                |                               |          |                |
| Proceeds of long-term debt  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Transfers in  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Transfers out   | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Total other financing sources (uses)  | -                                       | -                         | -                                     | -                                   | -                    | -                           | -                              | -                             | -        | -              |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (5,391)                                 | 53,944                    | -                                     | (1,509)                             | 4,404                | (177)                       | (4,983)                        | (14,397)                      | 800      | (100,725)      |
| Cash and investments - ending   | \$ -                                    | \$ 53,944                 | \$ -                                  | \$ 1,999                            | \$ 5,724             | \$ -                        | \$ -                           | \$ (1,816)                    | \$ -     | \$ (364,019)   |

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

|   | (IDEA, Part B)<br>LEA Capacity<br>Building<br>(Sliver)<br>Grants | 94-142<br>'04-05  | Medicaid<br>Reimbursement -<br>Federal | School<br>to Work<br>Opportunity<br>Implementation | Improv<br>Teacher<br>Quality<br>'07-08 | Improving<br>Teacher<br>Quality,<br>No Child<br>Left,<br>Title II, Part A | Title III -<br>English<br>Proficiency<br>Migrant | Work<br>Study<br>Program | Payroll           | Totals              |
|---|--|-------------------|--|--|--|---|--|--------------------------|-------------------|---------------------|
| Cash and investments - beginning  | \$ (288,726)   | \$ (32,484)       | \$ -                                   | \$ 11  | \$ -                                   | \$ (2,428)  | \$ 1   | \$ 7,643                 | \$ (17,761)       | \$ 6,292,400        |
| Receipts:   |  |                   |  |  |  |   |  |                          |                   |                     |
| Local sources   | 2,435  | -                 | -                                      | -  | -                                      | 213   | 827  | -                        | -                 | 21,673,620          |
| State sources   | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | 35,257,779          |
| Federal sources   | 1,428,378  | 71,451            | 161,525                                | -  | -                                      | 192,609   | 7,900  | -                        | -                 | 5,478,692           |
| Temporary loans   | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | 2,700,000           |
| Other receipts  | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | 24,761,353        | 25,511,715          |
| Total receipts  | <u>1,430,813</u>   | <u>71,451</u>     | <u>161,525</u>                         | <u>-</u>   | <u>-</u>                               | <u>192,822</u>  | <u>8,727</u>                                     | <u>-</u>                 | <u>24,761,353</u> | <u>90,621,806</u>   |
| Disbursements:  |  |                   |  |  |  |   |  |                          |                   |                     |
| Instruction   | 1,095,666  | 42,628            | -                                      | -  | -                                      | 76,979  | -  | -                        | -                 | 32,796,102          |
| Support services  | 144,198  | -                 | -                                      | 11   | 10,813                                 | 130,582   | 8,727  | 7,643                    | -                 | 17,735,700          |
| Noninstructional services   | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | 3,173,370           |
| Facilities acquisition and construction   | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | 1,109,436           |
| Debt service  | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | 8,912,498           |
| Nonprogrammed charges   | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | 24,740,346        | 24,740,346          |
| Total disbursements   | <u>1,239,864</u>   | <u>42,628</u>     | <u>-</u>                               | <u>11</u>  | <u>10,813</u>                          | <u>207,561</u>  | <u>8,727</u>                                     | <u>7,643</u>             | <u>24,740,346</u> | <u>88,467,452</u>   |
| Excess (deficiency) of receipts over disbursements  | <u>190,949</u>   | <u>28,823</u>     | <u>161,525</u>                         | <u>(11)</u>  | <u>(10,813)</u>                        | <u>(14,739)</u>   | <u>-</u>   | <u>(7,643)</u>           | <u>21,007</u>     | <u>2,154,354</u>    |
| Other financing sources (uses):   |  |                   |  |  |  |   |  |                          |                   |                     |
| Proceeds of long-term debt  | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | 66,683              |
| Transfers in  | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | 398,721             |
| Transfers out   | -  | -                 | -                                      | -  | -                                      | -   | -  | -                        | -                 | (398,721)           |
| Total other financing sources (uses)  | <u>-</u>   | <u>-</u>          | <u>-</u>                               | <u>-</u>   | <u>-</u>                               | <u>-</u>  | <u>-</u>   | <u>-</u>                 | <u>-</u>          | <u>66,683</u>       |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>190,949</u>   | <u>28,823</u>     | <u>161,525</u>                         | <u>(11)</u>  | <u>(10,813)</u>                        | <u>(14,739)</u>   | <u>-</u>   | <u>(7,643)</u>           | <u>21,007</u>     | <u>2,221,037</u>    |
| Cash and investments - ending   | \$ <u>(97,777)</u>   | \$ <u>(3,661)</u> | \$ <u>161,525</u>                      | \$ <u>-</u>  | \$ <u>(10,813)</u>                     | \$ <u>(17,167)</u>  | \$ <u>1</u>                                      | \$ <u>-</u>              | \$ <u>3,246</u>   | \$ <u>8,513,437</u> |

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SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-------------------------|----------------------------|
| Governmental activities         | <u>\$ 555,069</u>       | <u>\$ 298,307</u>          |

SCHOOL CITY OF MISHAWAKA  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2016

| Lessor   | Purpose                                      | Annual<br>Lease<br>Payment | Lease<br>Beginning<br>Date | Lease<br>Ending<br>Date |
|--|--|----------------------------|----------------------------|-------------------------|
| Governmental activities:                                   |  |                            |                            |                         |
| Mishawaka 2001 School Building Corporation                 | Building Renovation- MHS                     | \$ 1,166,720               | 12/31/2006                 | 12/31/2025              |
| Mishawaka 2001 School Building Corporation                 | Beiger School                                | 1,548,000                  | 06/30/2006                 | 12/31/2023              |
| School City of Mishawaka Multi-School Building Corporation | Liberty School Additions to John Young & Mhs | <u>2,738,000</u>           | 06/30/1999                 | 12/31/2023              |
| Total of annual lease payments                             |  | <u>\$ 5,452,720</u>        |                            |                         |

| Type                      | Description of Debt                                     | Purpose | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|---------------------------|---|---------|--------------------------------|---|
| Governmental activities:  |   |         |                                |   |
| General obligation bonds  | Baker Park  |         | \$ 145,000                     | \$ 147,973  |
| Tax anticipation warrants | General Debt Serv. Transportation Capital Projects Fund |         | 2,700,000                      | 2,731,778   |
| Notes and loans payable   | Common School Loan - a1420                              |         | 10,000                         | 10,050  |
| Notes and loans payable   | Common School Loan - a1431                              |         | 19,999                         | 20,099  |
| Notes and loans payable   | Common School Loan - a1588                              |         | 50,000                         | 20,450  |
| Notes and loans payable   | Common School Loan - a0524                              |         | 375,000                        | 52,875  |
| Notes and loans payable   | Common School Loan - ao558                              |         | 331,136                        | 177,158   |
| Notes and loans payable   | Common School Loan - ao560                              |         | 210,526                        | 112,632   |
| Notes and loans payable   | Common School Loan - ao568                              |         | 1,140,000                      | 171,000   |
| Notes and loans payable   | Common School Loan - a1509                              |         | 45,000                         | 30,375  |
| Notes and loans payable   | Common School Loan - a1551                              |         | 50,000                         | 20,450  |
| Notes and loans payable   | Common School Loan - ao610                              |         | <u>165,000</u>                 | <u>61,050</u>                                       |
| Totals                    |   |         | <u>\$ 5,241,661</u>            | <u>\$ 3,555,890</u>                                 |

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2016

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<br/>Balance</u> |
|------------------------------------|---------------------------|
| Governmental activities:           |                           |
| Land                               | \$ 563,251                |
| Buildings                          | 100,141,541               |
| Improvements other than buildings  | 5,774,553                 |
| Machinery, equipment, and vehicles | <u>10,819,505</u>         |
| Total capital assets               | <u>\$ 117,298,850</u>     |

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the School City of Mishawaka'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, 2014 to June 30, 2016. 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 Special Education Cluster (IDEA)***

As described in item 2016-008, 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 Special Education Cluster (IDEA) regarding the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the programs.

As described in items 2016-008, 2016-009, and 2016-010 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment, Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, and Matching, Level of Effort, Earmarking compliance requirements that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on Special Education Cluster (IDEA)***

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 Special Education Cluster (IDEA) regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance and the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016.

***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 2016-002, 2016-003, 2016-006, and 2016-007. 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

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

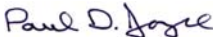
expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, and 2016-011 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

December 5, 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.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Pass-Through<br>To Subrecipient<br>06-30-15 | Total<br>Federal Awards<br>Expended<br>06-30-15 | Pass-Through<br>To Subrecipient<br>06-30-16 | Total<br>Federal Awards<br>Expended<br>06-30-16 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| <u>Department of Agriculture</u>                                    |                                     |                           |  |   |   |   |   |
| Child Nutrition Cluster   |                                     |                           |  |   |   |   |   |
| School Breakfast Program  | Indiana Dept of Education           | 10.553                    | SY14-15, SY15-16   | \$ -  | \$ 282,696                                      | \$ -  | \$ 313,428                                      |
| National School Lunch Program                                       |                                     | 10.555                    | SY14-15, SY15-16   | -   | 1,431,971                                       | -   | 1,528,758                                       |
| National School Lunch Program - Commodities                         |                                     | 10.555                    | SY14-15, SY15-16   | -   | 171,728   | -   | 184,036   |
| National School Lunch Program - Snacks                              | Indiana Dept of Education           | 10.555                    | SY14-15, SY15-16   | -   | 36,820  | -   | 39,538  |
| Total - National School Lunch Program                               |                                     |                           |  | -   | 1,640,519                                       | -   | 1,752,332                                       |
| Total - Child Nutrition Cluster                                     |                                     |                           |  | -   | 1,923,215                                       | -   | 2,065,760                                       |
| Total - Department of Agriculture                                   |                                     |                           |  | -   | 1,923,215                                       | -   | 2,065,760                                       |
| <u>Department of Education</u>                                      |                                     |                           |  |   |   |   |   |
| Special Education Cluster (IDEA)                                    |                                     |                           |  |   |   |   |   |
| Special Education_Grants to States                                  |                                     |                           |  |   |   |   |   |
| 5245 94-142   | Indiana Dept of Education           | 84.027                    | 14213-041-PN01   | -   | 263   | -   | -   |
| 5246 94-142   |                                     | 84.027                    | 14214-041-PN01   | -   | 418,358   | -   | -   |
| 5247 94-142   |                                     | 84.027                    | 14215-041-PN01   | -   | 680,247   | -   | 661,835   |
| 5248 94-142   |                                     | 84.027                    | 14216-039-PN01   | -   | -   | -   | 745,768   |
| 5253 94-142 Tech Asst   |                                     | 84.027                    | 99914-041-PN01   | -   | 9,661   | -   | 20,775  |
| Total - Special Education_Grants to States                          |                                     |                           |  | -   | 1,108,529                                       | -   | 1,428,378                                       |
| Special Education_Preschool Grants                                  |                                     |                           |  |   |   |   |   |
| 5487 Preschool  | Indiana Dept of Education           | 84.173                    | 45713-041-PN01   | -   | 36,503  | -   | -   |
| 5486 Preschool  |                                     | 84.173                    | 45714-041-PN01   | -   | 5,503   | -   | -   |
| 5487 Preschool  |                                     | 84.173                    | 45715-041-PN01   | -   | -   | -   | 32,484  |
| 5488 Preschool  |                                     | 84.173                    | 45716-039-PN01   | -   | -   | -   | 38,967  |
| Total - Special Education_Preschool Grants                          |                                     |                           |  | -   | 42,006  | -   | 71,451  |
| Total - Special Education Cluster (IDEA)                            |                                     |                           |  | -   | 1,150,535                                       | -   | 1,499,829                                       |

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Pass-Through<br>To Subrecipient<br>06-30-15 | Total<br>Federal Awards<br>Expended<br>06-30-15 | Pass-Through<br>To Subrecipient<br>06-30-16 | Total<br>Federal Awards<br>Expended<br>06-30-16 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| Title I Grants to Local Educational Agencies                        | Indiana Dept of Education           |                           |  |   |   |   |   |
| 4166 Title I  |                                     | 84.010                    | 14-7200  | -   | 250,006   | -   | -   |
| 4167 Title I  |                                     | 84.010                    | 15-7200  | -   | 1,298,664                                       | -   | 275,447   |
| 4168 Title I  |                                     | 84.010                    | 16-7200  | -   | -   | -   | 1,445,584                                       |
| 4171 Title I1003(a)   |                                     | 84.010                    | SY 2015-2016   | -   | -   | -   | 1,200   |
| Total - Title I Grants to Local Educational Agencies                |                                     |                           |  | -   | 1,548,670                                       | -   | 1,722,231                                       |
| Migrant Education_State Grant Program                               | Indiana Dept of Education           |                           |  |   |   |   |   |
| 3717 Non English Speaking   |                                     | 84.011                    | 51115-215  | -   | 7,879   | -   | -   |
| 3718 Non English Speaking   |                                     | 84.011                    | 51116-215  | -   | -   | -   | 11,743  |
| Total - Migrant Education_State Grant Program                       |                                     |                           |  | -   | 7,879   | -   | 11,743  |
| English Language Acquisition State Grants                           | Indiana Dept of Education           |                           |  |   |   |   |   |
| 6935 Title III LMMP   |                                     | 84.365                    | 01114-072-PN01   | -   | 2,415   | -   | -   |
| 6936 Title III LMMP   |                                     | 84.365                    | 01115-083-PN01   | -   | -   | -   | 7,900   |
| Total - English Language Acquisition State Grants                   |                                     |                           |  | -   | 2,415   | -   | 7,900   |
| Improving Teacher Quality State Grants                              | Indiana Dept of Education           |                           |  |   |   |   |   |
| 6736 Title II Improving Teacher Quality                             |                                     | 84.367                    | 12-7200  | -   | 8,541   | -   | -   |
| 6737 Title II Improving Teacher Quality                             |                                     | 84.367                    | 13-7200  | -   | 112,287   | -   | 18,558  |
| 6738 Title II Improving Teacher Quality                             |                                     | 84.367                    | S367A150015  | -   | -   | -   | 174,037   |
| Total - Improving Teacher Quality State Grants                      |                                     |                           |  | -   | 120,828   | -   | 192,595   |
| Total - Department of Education                                     |                                     |                           |  | -   | 2,830,327                                       | -   | 3,434,298                                       |
| Total federal awards expended                                       |                                     |                           |  | \$ -  | \$ 4,753,542                                    | \$ -  | \$ 5,500,058                                    |

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

SCHOOL CITY OF MISHAWAKA  
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, 2015 and 2016. 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.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

|  |   |
|--|---|
| Type of auditor's report issued:                     | Adverse as to GAAP; Unmodified as to Regulatory Basis |
| Internal control over financial reporting:           |   |
| Material weaknesses identified?                      | yes   |
| Significant deficiencies identified?                 | none reported   |
| Noncompliance material to financial statement noted? | no  |

Federal Awards:

|   |  |
|---|--|
| Internal control over major programs:   |  |
| Material weaknesses identified?   | yes  |
| Significant deficiencies identified?  | none reported  |
| Type of auditor's report issued on compliance for major programs:   | Unmodified except for the Special Education Cluster (IDEA) which was 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:

| <u>CFDA<br/>Number</u> | <u>Name of Federal Program or Cluster</u>    |
|------------------------|--|
|                        | Child Nutrition Cluster                      |
|                        | Special Education Cluster (IDEA)             |
| 84.010                 | Title I Grants to Local Educational Agencies |
| 84.367                 | Improving Teacher Quality State Grants       |

Dollar threshold used to distinguish between Type A and Type B programs: \$307,608

|  |    |
|--|----|
| Auditee qualified as low-risk auditee? | no |
|--|----|

**Section II - Financial Statement Findings**

**FINDING 2016-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

An effective internal control system was not in place at the School Corporation related to financial transactions and reporting of receipts. Two employees processed receipts. While some of the receipts collected at the administration building were reviewed by someone other than the preparer, the majority of the receipts were processed without any review or oversight. Additionally, one of the two employees who processed receipts also prepared the bank reconciliements. A proper system of oversight or review was not established.

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

*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 a proper system of internal control that would have ensured proper reporting of receipts.

*Effect*

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

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting of receipts.

*Views of Responsible Officials*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-002**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): SY14-15  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirements: Activities Allowed or Unallowed, 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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. Effective controls were not in place to ensure that only applicable employees were paid from program funds.

The School Corporation paid \$24,839 of the former Treasurer's administrative salary from the School Lunch fund.

*Context*

This was an isolated issue applicable to the SY 14-15 federal award number and only to the administrative salary of the former Treasurer.

*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 A, Part C. states in part:

- "1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of this Circular.
  - j. Be adequately documented. . . ."

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-87, Attachment B, Section 8h states in part:

". . . (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award, . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

The \$24,839 portion of the administrative salary of the former Treasurer charged directly to the School Lunch fund was considered questioned costs.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles 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 2016-003**

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): SY14-15, SY15-16  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Other Matters

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

There was no effective control in place at the School Corporation that would have ensured that correct amounts for program income were entered into the School Corporation's financial accounting system from the cafeteria financial reporting system. Amounts were entered into the School Corporation's financial accounting system without a system of oversight, review, or approval.

Additionally, the School Corporation had a policy which allowed students and adults without cash or sufficient balances in their prepaid food accounts to charge meals. For the 2015-2016 school year, \$38,422 of credit was extended for meals served. The income from these meals was not included in program income at the time the meal was served. Subsequent payments made on these credit balances were never recognized as program income.

*Context*

This was a systemic issue, which occurred throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with 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 2016-004**

Subject: Child Nutrition Cluster - Reporting  
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): SY14-15, SY15-16  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior year finding was 2014-003.

*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 Reporting compliance requirement. The Annual Financial Reports and School Food Authority (SFA) Verification Collection Reports were prepared by one individual without an oversight, review, or approval process.

*Context*

The lack of controls was a systemic problem, which occurred throughout the audit period.

SCHOOL CITY OF MISHAWAKA  
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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have segregated key functions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with 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.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-005***

Subject: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, Allowable Cost/  
Cost Principles, Earmarking, Reporting, and Special Tests and Provisions - Comparability

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): 13-7200, 14-7200, 15-7200,  
16-7200, SY 2015-2016

Pass-Through Entity: Indiana Dept of Education

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles;  
Matching, Level of Effort, Earmarking; Reporting; and Special Tests  
and Provisions - Comparability

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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, Special Tests and Provisions - Comparability, and the Earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirements.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Earmarking*

The Accounting/Payroll Specialist updated the employee file of employees to be paid from the grant funds. There was no oversight, review, or approval process following the update to ensure that only appropriate employees were paid from the grants.

*Allowable Costs/Cost Principles*

There were no controls in place to ensure that time and effort logs for the private school Title I employees that were paid through the School Corporation were being monitored by someone knowledgeable about the requirements.

*Reporting*

The Annual Expenditure Reports were prepared by one employee with no oversight, review, or approval process to ensure accuracy. The Grant Director was notified via email when the Annual Expenditure Reports were submitted, but was not provided the details necessary to adequately review the reports.

*Special Tests and Provisions - Comparability*

One person prepared and submitted the Comparability report without an oversight, review, or approval process to ensure that the report was accurate.

*Context*

The lack of controls was a systemic issue. There were no documented controls over the compliance requirements noted in the *Condition* throughout the audit period.

SCHOOL CITY OF MISHAWAKA  
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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; Reporting; and Special Tests and Provisions - Comparability compliance requirements.

*Views of Responsible Officials*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-006***

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Federal Agency: Department of Education  
Federal Program: Title I Grant to Local Education Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-7200, 15-7200, 16-7200, SY 2015-2016  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation reported students as missing without the documentation required for classifying a student as missing.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Of the 17 students tested, 3 did not have the required supporting documentation to substantiate removing them from the cohort for mobility reasons.

*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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 200.19(b) states in part:

"*High schools*—(1) *Graduation rate*. Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)(A) A State must calculate a "four-year adjusted cohort graduation rate," defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. . . .

(ii) The term "adjusted cohort" means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term "students who transfer into the cohort" means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . ."

*Cause*

The School Corporation had not established a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and to comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement

*Views of Responsible Officials*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-007***

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals  
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): 13-7200, 14-7200, 15-7200, 16-7200, SY2015-2016  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement.

We were unable to determine if the School Corporation complied with the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement. Adequate documentation that would have verified whether paraprofessionals were highly qualified was not available for 11 of the 18 paraprofessionals selected for testing.

*Context*

This is a systemic issue regarding paraprofessionals, which occurred throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

34 CFR 200.58 states:

"(a) *Applicability.*

- (1) An LEA must ensure that each paraprofessional who is hired by the LEA and who works in a program supported with funds under subpart A of this part meets the requirements in paragraph (b) of this section and, except as provided in paragraph (e) of this section, the requirements in either paragraph (c) or (d) of this section.
- (2) For the purpose of this section, the term 'paraprofessional' -
  - (i) Means an individual who provides instructional support consistent with § 200.59; and
  - (ii) Does not include individuals who have only non-instructional duties (such as providing technical support for computers, providing personal care services, or performing clerical duties).
- (3) For the purpose of paragraph (a) of this section, a paraprofessional working in 'a program supported with funds under subpart A of this part' is -
  - (i) A paraprofessional in a targeted assisted school who is paid with funds under subpart A of this part;
  - (ii) A paraprofessional in a schoolwide program school; or
  - (iii) A paraprofessional employed by an LEA with funds under subpart A of this part to provide instructional support to a public school teacher covered under § 200.55 who provides equitable services to eligible private school students under § 200.62.

(b) *All paraprofessionals.* A paraprofessional covered under paragraph (a) of this section, regardless of the paraprofessional's hiring date, must have earned a secondary school diploma or its recognized equivalent.

(c) *New paraprofessionals.* A paraprofessional covered under paragraph (a) of this section who is hired after January 8, 2002 must have -

- (1) Completed at least two years of study at an institution of higher education;
- (2) Obtained an associate's or higher degree; or
- (3)

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(i) Met a rigorous standard of quality, and can demonstrate - through a formal State or local academic assessment - knowledge of, and the ability to assist in instructing, as appropriate -

(A) Reading/language arts, writing, and mathematics; or

(B) Reading readiness, writing readiness, and mathematics readiness.

(ii) A secondary school diploma or its recognized equivalent is necessary, but not sufficient, to meet the requirement in paragraph (c)(3)(i) of this section.

(d) *Existing paraprofessionals.* Each paraprofessional who was hired on or before January 8, 2002 must meet the requirements in paragraph (c) of this section no later than January 8, 2006.

(e) *Exceptions.* A paraprofessional does not need to meet the requirements in paragraph (c) or (d) of this section if the paraprofessional -

(1)

(i) Is proficient in English and a language other than English; and

(ii) Acts as a translator to enhance the participation of limited English proficient children under subpart A of this part; or

(2) Has instructional-support duties that consist solely of conducting parental involvement activities."

*Cause*

The School Corporation had not established a proper system of internal controls that would have ensured that adequate supporting documentation was complete and maintained for audit to ensure compliance with the grant agreement and the Special Tests and Provisions - Highly Qualified Teacher and Paraprofessionals compliance requirement.

*Effect*

The failure to maintain and provide adequate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that adequate documentation was maintained relating to the Special Tests and Provisions - Highly Qualified Teacher and Paraprofessionals compliance requirement.

*Views of Responsible Officials*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-008***

Subject: Special Education\_Grants to States - Activities Allowed or Unallowed,  
Allowable Costs/Cost Principles, Period of Performance  
Federal Agency: Department of Education  
Federal Program: Special Education\_Grants to States  
CFDA Number: 84.027  
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-041-PN01, 14216-039-PN01  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/  
Cost Principles, Period of Performance  
Audit Finding: 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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements. There were no controls in place to ensure that all expenditures charged to the grant fund were for allowable activities, were allowable costs, and were obligated within the period of performance.

The following disbursements charged to the Special Education\_Grants to States were paid without adequate documentation to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and the Period of Performance compliance requirements, and are, therefore, considered questioned costs:

1. The School Corporation paid retirement benefits, including severance of \$200 and health insurance of \$4,600 which were not necessary and reasonable for the performance and administration of the grant related to Federal Award Number 14215-041-PN01.
2. Three speech pathologists were paid 100 percent from the Special Education grant. Documentation of personnel activity showed that the employees worked only 21 to 42 percent of their time on Special Education activities; the remainder should have been paid from the General fund.

Based upon the documentation of personnel expenses for the 2014-2015 and 2015-2016 contract years, \$135,704 of the speech pathologists' salaries were over-allocated to the Special Education grant: \$22,977 from Federal Award Number 14215-041-PN01 and \$112,727 from Federal Award Number 14216-039-PN01.

3. Expenditures originally paid from non-grant funds were transferred to the Special Education grant without adequate documentation. The only documentation was a sheet of paper from the former Director which indicated the funds and the amounts (\$94,676) involved. The supporting documentation was not adequate to determine if the original transactions were for allowable activities, were allowable costs, and were obligated within the period of performance. Of the total expenditures transferred, \$62,192 was to Federal Award Number 14215-041-PN01 and \$32,484 to Federal Award Number 14216-039-PN01.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls and the noncompliance were systemic issues which occurred throughout the audit period. Additionally documentation was not provided to support the transfers identified in the *Condition*.

*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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

OMB Circular A-87, Attachment A, Part C. states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular.
- j. Be adequately documented. . . ."

OMB Circular A-87, Attachment B, Section 8h states in part:

". . . (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award, . . .

(5) Personnel activity reports or equivalent documentation must meet the following standards:

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (j) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (iv) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

34 CFR 80.23 states:

"(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (c) The share of that cost provided from other sources; and
- (d) Other records to facilitate an effective audit."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

*Cause*

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to the transfers identified in the *Condition*.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the School Corporation. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to the transfers identified in the *Condition*.

*Questioned Costs*

There were known questioned of \$235,180 as detailed in the *Condition*. Of these questioned costs \$89,969 were from Federal Award Number 14215-041-PN01 and \$145,211 were from Federal Award Number 14216-039-PN01.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements. Additionally, we recommended that the School Corporation's management establish controls to ensure supporting documentation is maintained.

*Views of Responsible Officials*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-009***

Subject: Special Education\_Grants to States - Suspension and Debarment  
Federal Agency: Department of Education  
Federal Program: Special Education\_Grants to States  
CFDA Number: 84.027  
Federal Award Number and Year (or Other Identifying Number): 14215-041-PN01  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Suspension and Debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not perform any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls and the noncompliance applied to the only contract awarded during 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. . . ."

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 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*

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Suspension and Debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and to comply with 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 2016-010**

Subject: Special Education Cluster (IDEA) - Level of Effort

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): 14216-039-PN01, 14215-041-PN01  
45716-039-PN01, 45715-041-PN01

Pass-Through Entity: Indiana Dept of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Level of Effort - Maintenance of Effort (MOE) requirements of the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not comply with the Level of Effort - MOE requirements. The School Corporation did not meet either of the two tests provided by the Indiana Department of Education used to determine compliance with the MOE requirements. The financial information and the child count included in the fiscal year 16 MOE calculation portion of the grant application did not agree to the supporting documentation. After recalculating the MOE using the information from the supporting documentation, the School Corporation did not comply with the MOE requirements.

*Context*

This was a systemic issue throughout the audit period. Controls were not properly designed to ensure compliance with the Level of Effort - MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement. In addition, the amounts reported for MOE were not supported by the School Corporation's records.

SCHOOL CITY OF MISHAWAKA  
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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 80.20 states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant . . ."

34 CFR 76.702 states: "A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds."

34 CFR 299.5(a) states:

"*General.* An LEA receiving funds under an applicable program listed in paragraph (b) of this section may receive its full allocation of funds only if the SEA finds that either the combined fiscal effort per student or the aggregate expenditures of State and local funds with respect to the provision of free public education in the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding fiscal year."

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The School Corporation had not established a proper internal control structure that would have ensured compliance with the grant agreement, and the Level of Effort - MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Matching, Level of Effort, Earmarking 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 2016-011**

Subject: Special Education Cluster (IDEA) - Reporting

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): 14216-039-PN01, 14215-041-PN01,  
45716-039-PN01, 45715-041-PN01

Pass-Through Entity: Indiana Dept of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

There was no oversight in completing the December 1 child count. One person prepared the report without an oversight, review, or approval process to ensure it was accurate before the application was submitted.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period.

SCHOOL CITY OF MISHAWAKA  
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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation had not established a proper internal control structure that would have ensured compliance with the grant agreement and the Reporting 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 compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with 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.

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#### AUDITEE-PREPARED DOCUMENTS

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



# School City of Mishawaka

*Creating a Culture of Excellence*

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

### **FINDING 2014-001- Internal Controls over Payroll**

Contact Person Responsible for Corrective Action: Randy Squadroni

Contact Phone Number: 574-254-4503

1. Lack of Segregation of Duties: The school corporation has not separated incompatible activities related to payroll transactions. Pay rates as approved by the School Board are documented by the Human Resources department and manually provided to the Payroll department. The Payroll Accounting Specialist enters the approved pay rates into the payroll software system without oversight or review. The failure to establish controls to verify that correct pay rates are entered and that payments made are based on correct pay rates could enable misstatements or irregularities to remain undetected.

**Corrective Action:** The Payroll Accounting Specialist will start printing the approved pay rates, or any changes, for the Human Resources Department to verify and sign off prior to processing payroll every scheduled payroll date.

2. There is a deficiency in the internal control system concerning the approval of payments to substitute teachers. The school corporation uses computer software which allows substitute teachers to log onto the system and choose which days they wish to work. At the end of the pay period, a listing by substitute is generated by the Payroll Accounting Specialist. This list generated from the software is used as the documentation for the payments made to the substitute teachers. There is no process to approve the payments made to the substitute teachers.

**Corrective Action:** Beginning on January 1, 2015, the generated list of substitute teachers will be verified by each school's Secretary and signed off by the school's Principal before payroll is processed and payment is made to the substitute teachers.

Completion Date: January 1, 2015

Corrective Actions verified by interviewing those responsible for corrective action to ensure that corrective action implemented and continues for both findings under 2014-001. Verified by current SCM Asst. Supt. & Treasurer – Bruce N. Stahly

### **FINDING 2014-002**

Contact Person Responsible for Corrective Action: Peggy Baer

Contact Phone Number: 574-254-4508

The corrective action plan for the internal control system will take place immediately in regard to the Procurement, Suspension, and Debarment. With the bidding process to start in April for the 15-16 school year, the Food Service Department will see that we are in compliance with regulations by making sure that we present all bids from secured vendors to the Board and such bids are kept on file for future reference. We will also see that a letter of agreement

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between the Purchasing parties and the Food Services will be on file for audit. The Food Service Department will also check to make sure that no bids are awarded to any contractor which has been suspended or debarred.

Completion Date: July 1, 2015

Upon further investigation by interviewing those responsible for corrective action it was determined that corrective action was not taken immediately but corrective action has now been taken. Lack of timely compliance was verified by current SCM Asst. Supt. & Treasurer and that currently SCM is now compliant with this earlier finding. – Bruce N. Stahly

**FINDING 2014-003**

Contact Person Responsible for Corrective Action: Peggy Baer

Contact Phone Number: 574-254-4508

The corrective action plan for the internal control system will take place immediately in regard to the Free and Reduced applications. After an application has been processed by Lisa Hab, Administrative Secretary, I will check her work to make sure it is correct and she will do the same after I have processed an application. Said applications will then be initialed and dated by the reviewer.

In regard to the monthly reports that are being processed by the administrative secretary, I will review her work as she is entering the final numbers into said reports and will sign and date that I have approved her figures.

Completion Date: January 9, 2015

Corrective Action verified by interviewing those responsible for corrective action to ensure that corrective action implemented and continues. Verified by current SCM Asst. Supt. & Treasurer and I have been the one signing the report since December of 2015. – Bruce N. Stahly

**FINDING 2014-004**

Contact Person Responsible for Corrective Action: Daniel R. Towner and Randy J. Squadroni

Contact Phone Number: 574-254-4536, 574-254-4503

This finding centers on the fact that when electronic federal fund reimbursements are submitted to the Indiana Department of Education, a copy of the submittal form is to be signed as authorized by the Federal Program Administrator and the Business Manager. Such forms are to be maintained by the district and apply to all federal grant funds.

Prior to May, 2014, the federal fund reimbursement forms submitted each month had not been presented for administrative signatures. This finding was the result of the Business Office employee handling reimbursements being unaware of the requirement. With a change to the state reimbursement form and a new employee handling this task, such forms have subsequently been signed, as required, by the appropriate district administrators. This correction has been in place and in practice beginning with the summer of 2014.

All district employees involved in the federal grant reimbursement process have been instructed and advised of the required procedures and expectations. Reimbursement forms are to be signed by appropriate administrative staff authorizing the submittal and kept on file at the district office thus ensuring an appropriate internal control system.

Completion Date: June 1, 2014

Corrective Action verified by interviewing those responsible for corrective action to ensure that corrective action implemented and continues. Verified by current SCM Asst. Supt. & Treasurer – Bruce N. Stahly

**FINDING 2014-005**

Contact Person Responsible for Corrective Action: Daniel R. Towner

Contact Phone Number: 574-254-4536

Finding 2014-005 reflects that "Semi-Annual Certification" forms must be completed for all federally funded employees paid from a single grant fund. Such certification forms for each school are to be signed semi-annually by the appropriate supervisor and kept on file at the district. Historically, School City of Mishawaka federal grant program administrators had completed such forms for only those schools identified by the Indiana Department of Education for monitoring.

On December 9, 2014, a meeting was held with all SCM administrators involved with federal grant programs to inform them of the "Semi-Annual Certification" form requirements and expectations. New procedures and controls were discussed to ensure that such forms will be completed as required in the future to be in compliance. Semi-Annual forms have now been completed to date and are on file at the district office.

Completion Date: December 9, 2014

Corrective Action verified by interviewing those responsible for corrective action to ensure that corrective action implemented and continues. Verified by current SCM Asst. Supt. & Treasurer – Bruce N. Stahly

**FINDING 2014-006**

Contact Person Responsible for Corrective Action: Daniel R. Towner

Contact Phone Number: 574-254-4536

Finding 2014-006 indicates that all federal Title II grant funded professional development activities must occur within the grant period from which they are paid. SCM was under the mistaken understanding that funds could be encumbered and expended during the grant period even though the activity or event provided through these funds was to occur after the final expenditure date. All district personnel responsible for the management of Title II funds have received updated guidance regarding grant periods and the timeframe for funded activities as detailed in Finding 2014-00.

Completion Date: January 8, 2015

Corrective Action verified by interviewing those responsible for corrective action to ensure that corrective action implemented and continues. Verified by current SCM Asst. Supt. & Treasurer – Bruce N. Stahly

  
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Dr. Bruce N. Stahly  
Assistant Superintendent for Business Services



# School City of Mishawaka

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## Introduction of Corrective Action Plans:

As noted in the audit findings report, School City of Mishawaka had many personnel changes during the audit period from July 1, 2014 to June 30, 2016. Some of these changes undoubtedly have influenced these audit findings. Below I have indicated all of these personnel changes within the School City of Mishawaka Business Department and the Special Education Department during this audit period:

- Business Manager and Treasurer change: Randy Squadroni was the SCM Business Manager from the beginning of this audit period through October, 2015 when he retired.
- Assistant Superintendent change: Bruce Stahly was appointed as the Assistant Superintendent of Business Services on December 1, 2015.
- Assistant Business Manager and Deputy Treasurer change: Patty Meehan was the SCM Assistant Business Manager from the beginning of this audit until December 4, 2015.
- Director of Special Education – Pam VonRahl was the Special Education Director from the beginning of this audit period until July 24, 2015 after which Barbara Michalos was appointed to this position. During this period the Special Education Cooperative with Penn Harris Madison was also dissolved.
- Accounts Receivable changes: Christine Christman from beginning of audit period until December, 2014; Yvonne Miller from December, 2014 until April, 2015; Kevin Crane from April, 2015 until July 2015, Judy Meidel from July, 2015 through July, 2016
- Accounts Payable changes: Judy Meidel from beginning of audit period until July, 2015; Kevin Crane from July, 2015 through July, 2016.
- In July, 2016, SCM hired a controller, Tracey Bolin, and Judy Meidel resumed her duties as Accounts Payable.

As Assistant Superintendent of Business Services, I am not indicating that all of these findings related to internal controls are a result of these personnel changes as any personnel changes should be accompanied by adequate training and oversight. However, when I did assume this position I did become aware almost immediately of the lack of training of key personnel and so I did request that personnel from Low Associates, our financial software vendor, provide additional training. We also contracted with a consultant to assist in training Judy Meidel, the accounts receivable employee at that time. With our present structure I do feel that the lack of internal controls cited in these findings has been greatly improved but as an organization we strive for continuous improvement so that no federal, state, or local funds have not been adequately safeguarded from theft or mishandling, and there has put in place an adequate internal controls system.

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## **FINDING 2016-001**

Contact Person Responsible for Corrective Action: Tracy Bolin, Judy Meidel  
Contact Phone Number: 574-254-4542

We concur with the finding.

Description of Corrective Action Plan: School City of Mishawaka now has an effective internal control plan in place that started in October 2016. The Account Payable (AP) person records the deposits and the Controller then checks for accuracy and verifies the deposit records and initials the deposit slip. The Controller also prints the receipt audit and verifies the account numbers for each receipt. This process will ensure that the receipt ledger is entered by one person and another person will review this ledger and check that the receipt is posted to the appropriate account and initial the ledger for verification. This process will prevent any unfavorable event.

Anticipated Completion Date: Additional control of having the AP person initialing the receipt audit, December 5, 2017, other controls October of 2016.

## **FINDING 2016-002**

Contact Person Responsible for Corrective Action: Peggy Baer, Food Service Coordinator; Bruce Stahly, Assistant Superintendent; Alex Newman, CFO; Tracey Bolin, Controller; Stefanie Bell, Payroll Specialist  
Contact Phone Number: 574-254-4503

We concur with these findings for the one time isolated case where SCM was not in compliance.

Description of Corrective Action Plan: The administration understands the School Corporation Treasurer's salary was not an allowable cost as part of this Federal Program during the 2014-2015 school year. Moving forward, the administration will develop a system of control procedures to ensure only allowable costs are charged to the Food Service program. This will include training of appropriate central office staff, in addition to periodic expenditure reviews between the Business and Food Service departments. In the future any contracted or hourly person who is paid a portion of his/her salary from Federal Funds must document either the proportion of salary paid or hours of time spent on those duties. This can be done either by timecards in the case of an hourly person or on a weekly form kept by the employee and the payroll specialist in the case of an administrator. This will ensure that only applicable employees are paid from any federal funds.

Anticipated Completion Date: Discontinued by November of 2015; Action plan to avoid in future – December 5, 2017

## **FINDING 2016-003**

Contact Person Responsible for Corrective Action: Peggy Baer, Food Service Coordinator; Lisa Hab, Administrative Assistant; Tracey Bolin, Controller  
Contact Phone Number: 574-254-4508

Views of Responsible Official: We concur with the finding.

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Description of Corrective Action Plan: The administration understands proper control procedures were not in place to ensure correct amounts of program income were entered in the financial accounting system. Moving forward, the Controller will print, sign, and share a copy of the monthly receipt with the Food Service department to ensure it was done accurately. The Food Service department will sign the receipt and file it for future documentation.

Additionally, the administration realizes amounts charged on account to both students and adults was not recognized as program income when monthly totals were communicated to the Controller. This has been reviewed with the Food Service department and these totals will be included as program income moving forward.

Anticipated Completion Date: January 31<sup>st</sup>, 2018

***FINDING 2016-004***

Contact Person Responsible for Corrective Action: Peggy Baer, Food Service Coordinator; Lisa Hab, Administrative Assistant; Alex Newman, CFO

Contact Phone Number: 574-254-4508

Views of Responsible Official: We concur with the finding, but as noted on the audit findings, there were no questionable costs identified.

Description of Corrective Action Plan: The administration understands there was a lack of internal control pertaining to the submission of the Annual Financial Report and Verification Summary Reports. Moving forward, both the Food Service Coordinator the department's Administrative Assistant will review and sign the Verification Summary Report. The Annual Financial Report will be prepared in the Food Service department with review and signature completed by the corporation's CFO & Director of Business Services.

Anticipated Completion Date: January 31<sup>st</sup>, 2018

***FINDING 2016-005***

Contact Person Responsible for Corrective Action: Grant Directors, Tracey Bolin, Controller; Stefanie Bell, Payroll Specialist

Contact Phone Number: 574-254-4503

We concur with the findings of inadequate procedures to ensure that only appropriate employees are paid from grant funds.

Description of Corrective Action Plan: The Grant Director will submit to the payroll specialist the list of employees who are to be paid from a given grant fund, after the payroll specialist enters these employees into the payroll system, the payroll specialist will then print a copy of these personnel and have the Grant Director review the document and sign the document and then return it to the payroll specialist. Any time an employee is either added to or removed from payment of a given grant the payroll specialist will repeat this process. This will ensure that the payroll specialist is only paying individuals from a given grant that the Grant Director has approved and authorized. This will also ensure that the controller is only requesting reimbursement for the appropriate personnel being paid from any grant fund.

Anticipated Completion Date: December 5, 2017

***FINDING 2016-006***

Contact Person Responsible for Corrective Action: John Ross, Pam Driscoll

Contact Phone Number: 574-254-7305

We concur with some of these findings but not others. Due to lateness of this audit, transfer mobility records have typically been kept for five (5) years and then shredded. The requested records were shredded during the summer of 2011. Other findings about inadequate documentation of follow-up are accurate.

Description of Corrective Action Plan: First, transfer mobility records will be kept for a period of ten (10) years. Secondly, the withdrawal form signed by both the student and parent will be modified so that the parent further verifies the reason for the student withdrawing from school. In addition to this, the school will send a certified letter to a parent's given address on the withdrawal form if no request for records has been received by the Mishawaka High School officials within six (6) months. The intent of this follow-up is to verify again that the reason given for withdrawal is accurate. If this certified letter is returned to the school by the postal service as being undeliverable, the letter will be kept with the transfer mobility record for this student.

Anticipated Completion Date: December 5, 2017

**FINDING 2016-007**

Contact Person Responsible for Corrective Action: Darlene Cochran, Personnel Administrative Assistant

Contact Phone Number: 574-254-4522

We concur with the findings.

Description of Corrective Action Plan: As per the No Child Left Behind Act, School City of Mishawaka has followed necessary guidelines to ensure paraprofessionals are appropriately qualified upon hire. Paraprofessionals hired prior to December 5, 2017, required completion of at least 2 years of study at an institution of higher education; obtained an associate's (or higher) degree; or met a rigorous standard of quality through a formal State or local academic assessment via the Praxis Parapro Assessment exam. School City of Mishawaka will now also require any newly hired paraprofessional who cannot provide documentation of completion of at least 2 years of study at an institution of higher education or obtained an associate's (or higher) degree to provide documentation of a secondary school (high school) diploma or its recognized equivalent (GED). Paraprofessionals providing secondary documentation will also be required to successfully complete the Praxis Parapro Assessment exam.

Anticipated Completion Date: December 5, 2017

**FINDING 2016-008**

Contact Person Responsible for Corrective Action: Barbara Michalos; Tracey Bolin

Contact Phone Number: 574-254-4530

We concur with the finding that these expenditures were not adequately documented. We know this questionable expenditure was due to the dissolution of the Special Education Cooperative and was appropriate, but we do not possess the necessary documentation.

Exceptional Learners will develop an effective internal control system to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of performance compliance requirements to ensure that expenditures charged to the grant fund were for allowable activities.

Description of Corrective Action Plan:

1. No retirement or severance benefits will be paid from grant funds.
2. Personal Activity Reports (PAR) will be prepared by the Director of Exceptional Learners on an annual basis or any time a grant revision is made that effects staff required to account for their grant funded work hours. The PAR will be electronically sent to each staff member included in the

grant who is required to complete monthly PARs. The Director will review each PAR and sign off on each monthly sheet.

- a. The SLP salaries and benefits (100%) were included in the approved grants. The PARs were not sent out on an annual basis, and had not been updated to reflect 100% of their salaries were paid for from federal grant funds, not the general fund. The expenditures were accurate, but the individual PARs listing general fund expenditures were incorrect. What the actual grant indicated was correct, the grant listed the Speech and Language Pathologists (SLP) being divided between public (SCM Special Education) and Non-Public but the PAR indicated this as General and Federal rather than public and non-public.
3. The Director and Controller will verify any request for transfer of funds. Backup documentation will be printed and may include: payroll, claim adjustments, etc. to verify that the transfer request is for allowable activities, allowable costs, and is obligated within the period of performance.

Anticipated Completion Date: December 5, 2017

**FINDING 2016-009**

Contact Person Responsible for Corrective Action: Barbara Michalos, Alex Newman

Contact Phone Number: 574-254-4530

We concur with the finding on additional internal controls but as indicated in the audit findings, there were no questioned costs identified.

Exceptional Learners will develop an effective internal control system related to the grant agreement and the Suspension and Debarment requirements of the Procurement and Suspension and Debarment requirement.

Description of Corrective Action Plan:

1. Exceptional Learners will follow the SCM Board Policy 6325
2. Exceptional Learners shall not subcontract with or award sub grants to any person or company who is debarred or suspended.
3. For contracts over \$25,000, the Corporation shall confirm that the vendor is not debarred or suspended by either checking the Federal government's System for Award Management, which maintains a list of such debarred or suspended vendors at [www.sam.gov](http://www.sam.gov) ; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor. (2 C.F.R. Part 180 Subpart C)
4. It should be documented which one was chosen to ensure the vendor is not suspended or disbarred.
5. The Director of Exceptional Learners and the Chief Financial Officer will each check to verify that a vendor is not debarred or suspended by checking [www.sam.gov](http://www.sam.gov) and SCM will include debarment or suspended status to the vendor contract.

Anticipated Completion Date: December 5, 2017

**FINDING 2016-010**

Contact Person Responsible for Corrective Action: Barbara Michalos; Tracey Bolin

Contact Phone Number: 574-254-4530

We concur with the finding on the need for an effective internal control system but as indicated in the audit findings, there were no questioned costs identified.

Exceptional Learners will develop an effective internal control system to ensure compliance with the Level of Effort-Maintenance of Effort (MOE) requirement, Level of Effort, earmarking compliance requirement including SCM reporting records.

Description of Corrective Action Plan: Exceptional Learners staff will work with the Business Office staff to ensure backup documentation is printed and included with the MOE documents. The Director of Exceptional Learners and the Controller will both sign off on the backup documentation, and the MOE documents submitted to the IDOE. The MOE data will be consistent from year to year.

Anticipated Completion Date: December 5, 2017

**FINDING 2016-011**

Contact Person Responsible for Corrective Action: Barbara Michalos; Karen Filipiski; Cari Miles  
Contact Phone Number: 574-254-4530

We concur with the finding regarding the lack of an effective intern system but as indicated in the audit findings, there were no questioned costs identified.

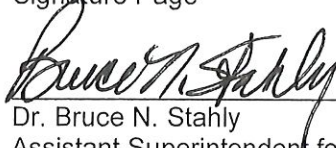
Exceptional Learners will develop an effective internal control system to ensure compliance with grant agreement and the December 1 reporting compliance requirement.

Description of Corrective Action Plan:

1. Beginning with the April 1 count, the Administrative Assistant, under the supervision of the Director will verify the accuracy of the count with the SCM Data Specialist. Any conflicts will be remedied at that time.
2. The Special Education (SE) report is sent electronically to the Data Specialist on a weekly basis.
3. The Real Time data base is updated based on the SE report.
4. The IDOE data specialist is contacted by SCM if any conflicts cannot be remedied locally.
5. A pre-count is completed in October/November in preparation for the December 1 count.
6. Any conflicts are remedied.
7. The Administrative Assistant participated in the "December 1 Error Free" webinar hosted by Curtis & Livers Consulting, LLC. (CLSI)
8. A comparison report is run from CLSI and the SE report submitted by the Data Specialist.
9. Individual class lists are sent out the week of the December 1 count and required to be returned on December 1. Teachers/Therapists sign off to verify the class lists including Least Restrictive Environment and Article 7 eligibility data's accuracy.
10. The Administrative Assistant updates all lists with any revisions and corrections.
11. The final list is downloaded and submitted to the Data Specialist. The data is manipulated by the Data Specialist and returned to the Administration Assistant as a CSV document to run the comparison report with CLSI. After the report is reviewed and conflicts are resolved, the SE report is submitted.
12. If conflict messages are received on the SE report, the Data Specialist confers with the Administrative Assistant to resolve the conflicts.
13. Once the conflicts are resolved, the SE report is resubmitted and the Data Specialist signs off on the report.
14. The report will be printed and the Director of Exceptional Learners will also sign off.
15. A copy of the SE Funding-Additional Pupil Count (APC) Report is printed by the Data Specialist.

Anticipated Completion Date: December 5, 2017

Signature Page



Dr. Bruce N. Stahly  
Assistant Superintendent for Business Services



Alex M. Newman  
CFO and Director of Business Services



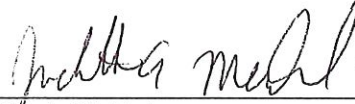
Tracey R. Bolin  
Controller



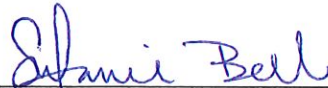
Barbara Michalos  
Director for Exceptional Learners



Peggy Baer  
Food Service Coordinator



Judith A. Meidel  
Accounting Specialist/Accounts Payable, ECA



Stefanie Bell  
Accounting Specialist/Payroll



Darlene Cochran  
Administrative Assistant for Human Resources

December 5, 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/>.