

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF WASHINGTON TOWNSHIP
MARION COUNTY, INDIANA

July 1, 2014 to June 30, 2015



FILED
04/03/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joseph Licata	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Nikki Woodson	07-01-14 to 06-30-18
President of the School Board	Dr. Jay Hill Anthony Dzwonar William Turner Donald B. Kite, Sr.	07-01-14 to 06-30-15 07-01-15 to 06-30-16 07-01-16 to 06-30-17 07-01-17 to 06-30-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the year ended June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of 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 March 1, 2018, 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 solely 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 effectiveness of the School Corporation's 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

March 1, 2018



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Washington Township (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated March 1, 2018, 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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*.

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

March 1, 2018

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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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2015

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 13,647,863	\$ 75,561,648	\$ 72,993,028	\$ (1,465,641)	\$ 14,750,842
Referendum Tax Levy	6,884,134	4,774,915	3,859,952	-	7,799,097
Debt Service	3,707,515	8,512,567	7,930,632	-	4,289,450
Retirement/Severance Bond Debt Service	790,349	1,495,157	1,463,750	-	821,756
Capital Projects	2,909,118	8,836,724	7,386,544	(840,000)	3,519,298
School Transportation	3,287,716	7,775,336	7,840,306	-	3,222,746
School Bus Replacement	347,975	1,409,095	1,186,581	(500,000)	70,489
Rainy Day	3,455,192	-	984,412	840,000	3,310,780
711 GO Bond	1,677,667	38,935	710,438	-	1,006,164
720 GO Bond	3,608,843	-	1,057,975	2,000,000	4,550,868
721 GO Bond	-	-	2,605	2,000,000	1,997,395
730 GO Bond	907,321	-	658,298	-	249,023
School Lunch	3,349,838	6,974,274	5,952,376	-	4,371,736
Textbook Rental	532,203	1,230,628	1,628,318	(28,951)	105,562
Self-Insurance	8,928,201	19,374,030	17,907,509	691,233	11,085,955
Joint Services and Supply - Area Vocational School	(482,179)	3,437,833	3,394,233	-	(438,579)
Judgments	1,541	-	271	-	1,270
Alternative Education	48,375	6,177	48,375	-	6,177
SAFE School Haven	-	-	20,000	-	(20,000)
Early Intervention Grant	22,096	29,849	41,297	-	10,648
Local/Foundation Grants	451,957	522,015	418,632	(326,634)	228,706
Local Grants #1	67,665	127,506	88,054	251,686	358,803
Local Grants #2	34,072	90,959	82,920	-	42,111
Local Grants	-	65,849	41,819	77,707	101,737
Adult Education	(1,241,881)	118,323	157,384	1,177,843	(103,099)
LPN Program	(677,080)	-	141,079	785,040	(33,119)
THNI Take One	300	-	-	-	300
Oasis Tutoring Program	(200)	-	-	-	(200)
Willoughby-Epperly	1,574	-	-	-	1,574
Law Enforcement	279	-	-	-	279
Indiana Symphony	240	-	-	-	240
Learning Under The Sun	30,378	48,858	49,765	-	29,471
Summer in the City	4,450	-	4,450	-	-
Cultural Arts	1,290	-	-	-	1,290
ECA Smartdata - GB	1,754	46,284	49,313	-	(1,275)
Welfare Activities	80,360	-	80,360	-	-
Scholarships and Awards	(255)	-	2,070	-	(2,325)
Paul Griesel Memorial	5,036	-	-	-	5,036
IB HS AP/IB Testing	33,566	1,000	8,064	-	26,502
Washington Township Foundation	(7,994)	131,000	80,553	-	42,453
High Ability Grant	12,542	71,824	64,438	-	19,928
Computer Consortium/Ed Tech Advance	(737,562)	1,805,823	1,325,108	-	(256,847)
Adult and Continuing Education	(131,519)	1,013,280	1,056,604	-	(174,843)
Medicaid Reimbursement	646,384	206,737	137,621	-	715,500
Bookstore	31,879	-	22,230	24,903	34,552
Tennis Fund	5,248	-	8,487	-	(3,239)
Tennis Maint	5,892	6,931	7,509	-	5,314
Teacher of the Year	-	-	5,698	-	(5,698)
Non-English Speaking Programs	25,866	150,057	140,258	-	35,665
School Technology	508,718	228,128	205,219	-	531,627
Performance Based Awards	(69,348)	287,209	216,977	-	884
SRO Salary/Benefits	(17,092)	50,000	66,878	-	(33,970)
ISTA Settlement	987,476	-	-	(691,233)	296,243
Educational Fees	248,539	256,993	338,181	28,951	196,302
Title I	(299,674)	2,529,708	2,818,343	-	(588,309)
Title II-B	(18,793)	170,863	183,342	-	(31,272)
SPED Basic	(190,151)	1,859,952	2,252,912	-	(583,111)
SPED TA	(8,640)	16,611	14,689	-	(6,718)
SPED Pre-K	(5,249)	23,851	80,643	-	(62,041)
Adult Basic Education	(117,255)	229,251	300,084	-	(188,088)
Vocational and Technology Board Grants	(50,445)	772,349	896,099	-	(174,195)
Refugee Grant	(1,888)	12,655	14,174	-	(3,407)
McKinney Vento Grant	(2,840)	24,935	56,393	-	(34,298)
Other Federal Programs	3,033	-	1,033	-	2,000
Cohort V	(32,171)	34,459	2,288	-	-
Title III WIDA	-	-	6,471	-	(6,471)
Rural Schools Achievement	(14,612)	250,326	262,054	-	(26,340)
Rural Schools and Low Income Program - Pass Through State	(13,600)	129,399	191,595	-	(75,796)
Title III Influx	(3,431)	13,548	10,117	-	-
Student Financial Aid	2	2,740	2,742	-	-
Insurance Reserve	-	40,938	-	-	40,938
Prepaid Meal Account	994,562	1,277,827	2,098,689	-	173,700
Payroll Clearing	711,436	32,778,001	32,959,791	-	529,646
Totals	\$ 54,876,586	\$ 184,853,357	\$ 182,018,030	\$ 4,024,904	\$ 61,736,817

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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.

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.

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

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.

Transfers out. Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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.

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of disbursements exceeding receipts and timing issues related to reimbursable grant funds that are required to pay expenses prior to requesting reimbursement.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with North Central Campus School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the year 2015 totaled \$3,958,500.

In February 2017, the Metropolitan School District of Washington Township School Building Corporation (MSDWTSBC) was formed. 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. At the time of MSDWTSBC's formation, all previous leases and business activities of the lessor were transferred to the new building corporation.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

The School Corporation issued General Obligation Bonds of 2016 in the amount of \$2,000,000 on December 20, 2016, for the purchase of equipment and technology, and the renovation, repair, and maintenance of equipment and facilities.

In November 2016, a \$185 million capital referendum was voted on and approved by the taxpayers of the School Corporation. The first debt issuance related to this referendum will be in the amount of \$14 million and will be issued by the Metropolitan School District of Washington Township School Building Corporation. The bond issue is scheduled to close before December 31, 2017.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: health, dental, and vision insurance. The retiree is responsible for paying 100 percent of the annual premium for any of the benefits chosen. Information regarding the benefits can be obtained by contacting the School Corporation.

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 Indiana Gateway for Government Units 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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2015

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation
Cash and investments - beginning	\$ 13,647,863	\$ 6,884,134	\$ 3,707,515	\$ 790,349	\$ 2,909,118	\$ 3,287,716
Receipts:						
Local sources	1,182,325	4,774,915	8,512,567	1,495,157	8,823,015	7,736,501
State sources	74,379,323	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	13,709	38,835
Total receipts	<u>75,561,648</u>	<u>4,774,915</u>	<u>8,512,567</u>	<u>1,495,157</u>	<u>8,836,724</u>	<u>7,775,336</u>
Disbursements:						
Instruction	50,426,225	3,122,215	-	-	-	-
Support services	21,951,761	737,737	-	-	3,837,996	7,840,306
Noninstructional services	615,042	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	3,548,548	-
Debt service	-	-	7,692,693	1,463,750	-	-
Nonprogrammed charges	-	-	237,939	-	-	-
Total disbursements	<u>72,993,028</u>	<u>3,859,952</u>	<u>7,930,632</u>	<u>1,463,750</u>	<u>7,386,544</u>	<u>7,840,306</u>
Excess (deficiency) of receipts over disbursements	<u>2,568,620</u>	<u>914,963</u>	<u>581,935</u>	<u>31,407</u>	<u>1,450,180</u>	<u>(64,970)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	506,219	-	-	-	-	-
Transfers out	(1,971,860)	-	-	-	(840,000)	-
Total other financing sources (uses)	<u>(1,465,641)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(840,000)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,102,979</u>	<u>914,963</u>	<u>581,935</u>	<u>31,407</u>	<u>610,180</u>	<u>(64,970)</u>
Cash and investments - ending	<u>\$ 14,750,842</u>	<u>\$ 7,799,097</u>	<u>\$ 4,289,450</u>	<u>\$ 821,756</u>	<u>\$ 3,519,298</u>	<u>\$ 3,222,746</u>

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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	School Bus Replacement	Rainy Day	711 GO Bond	720 GO Bond	721 GO Bond	730 GO Bond
Cash and investments - beginning	\$ 347,975	\$ 3,455,192	\$ 1,677,667	\$ 3,608,843	\$ -	\$ 907,321
Receipts:						
Local sources	1,409,095	-	38,935	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	1,409,095	-	38,935	-	-	-
Disbursements:						
Instruction	-	31,772	-	-	-	-
Support services	1,186,581	947,807	-	99,975	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	4,833	710,438	946,143	(8,760)	658,298
Debt service	-	-	-	11,857	11,365	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	1,186,581	984,412	710,438	1,057,975	2,605	658,298
Excess (deficiency) of receipts over disbursements	222,514	(984,412)	(671,503)	(1,057,975)	(2,605)	(658,298)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	2,000,000	2,000,000	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	840,000	-	-	-	-
Transfers out	(500,000)	-	-	-	-	-
Total other financing sources (uses)	(500,000)	840,000	-	2,000,000	2,000,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(277,486)	(144,412)	(671,503)	942,025	1,997,395	(658,298)
Cash and investments - ending	\$ 70,489	\$ 3,310,780	\$ 1,006,164	\$ 4,550,868	\$ 1,997,395	\$ 249,023

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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 For the Year Ended June 30, 2015

	School Lunch	Textbook Rental	Self- Insurance	Joint Services and Supply - Area Vocational School	Judgments	Alternative Education
Cash and investments - beginning	\$ 3,349,838	\$ 532,203	\$ 8,928,201	\$ (482,179)	\$ 1,541	\$ 48,375
Receipts:						
Local sources	2,586,020	478,740	19,374,030	3,437,833	-	-
State sources	26,764	751,888	-	-	-	6,177
Federal sources	4,361,490	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	6,974,274	1,230,628	19,374,030	3,437,833	-	6,177
Disbursements:						
Instruction	-	8,363	-	2,509,564	-	48,375
Support services	242,571	1,619,955	-	884,669	271	-
Noninstructional services	5,433,866	-	-	-	-	-
Facilities acquisition and construction	275,939	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	17,907,509	-	-	-
Total disbursements	5,952,376	1,628,318	17,907,509	3,394,233	271	48,375
Excess (deficiency) of receipts over disbursements	1,021,898	(397,690)	1,466,521	43,600	(271)	(42,198)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	691,233	-	-	-
Transfers out	-	(28,951)	-	-	-	-
Total other financing sources (uses)	-	(28,951)	691,233	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,021,898	(426,641)	2,157,754	43,600	(271)	(42,198)
Cash and investments - ending	\$ 4,371,736	\$ 105,562	\$ 11,085,955	\$ (438,579)	\$ 1,270	\$ 6,177

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	SAFE School Haven	Early Intervention Grant	Local/ Foundation Grants	Local Grants #1	Local Grants #2	Local Grants
Cash and investments - beginning	\$ -	\$ 22,096	\$ 451,957	\$ 67,665	\$ 34,072	\$ -
Receipts:						
Local sources	-	-	522,015	127,506	90,959	65,849
State sources	-	29,849	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	29,849	522,015	127,506	90,959	65,849
Disbursements:						
Instruction	-	32,213	20,911	85,440	34,639	29,236
Support services	20,000	4,347	397,721	-	10,836	11,183
Noninstructional services	-	-	-	-	6,881	-
Facilities acquisition and construction	-	4,737	-	2,614	30,564	1,400
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	20,000	41,297	418,632	88,054	82,920	41,819
Excess (deficiency) of receipts over disbursements	(20,000)	(11,448)	103,383	39,452	8,039	24,030
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	61,991	326,634	-	77,707
Transfers out	-	-	(388,625)	(74,948)	-	-
Total other financing sources (uses)	-	-	(326,634)	251,686	-	77,707
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,000)	(11,448)	(223,251)	291,138	8,039	101,737
Cash and investments - ending	\$ (20,000)	\$ 10,648	\$ 228,706	\$ 358,803	\$ 42,111	\$ 101,737

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2015

	Adult Education	LPN Program	THNI Take One	Oasis Tutoring Program	Willoughby- Epperly	Law Enforcement
Cash and investments - beginning	\$ (1,241,881)	\$ (677,080)	\$ 300	\$ (200)	\$ 1,574	\$ 279
Receipts:						
Local sources	118,323	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	118,323	-	-	-	-	-
Disbursements:						
Instruction	157,384	140,903	-	-	-	-
Support services	-	176	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	157,384	141,079	-	-	-	-
Excess (deficiency) of receipts over disbursements	(39,061)	(141,079)	-	-	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	1,180,602	785,040	-	-	-	-
Transfers out	(2,759)	-	-	-	-	-
Total other financing sources (uses)	1,177,843	785,040	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,138,782	643,961	-	-	-	-
Cash and investments - ending	\$ (103,099)	\$ (33,119)	\$ 300	\$ (200)	\$ 1,574	\$ 279

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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 For the Year Ended June 30, 2015

	Indiana Symphony	Learning Under The Sun	Summer in the City	Cultural Arts	ECA Smartdata - GB	Welfare Activities
Cash and investments - beginning	\$ 240	\$ 30,378	\$ 4,450	\$ 1,290	\$ 1,754	\$ 80,360
Receipts:						
Local sources	-	48,858	-	-	46,284	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	48,858	-	-	46,284	-
Disbursements:						
Instruction	-	37,772	4,450	-	46,001	-
Support services	-	11,993	-	-	3,312	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	80,360
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	49,765	4,450	-	49,313	80,360
Excess (deficiency) of receipts over disbursements	-	(907)	(4,450)	-	(3,029)	(80,360)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	6,219	-	-	-	-
Transfers out	-	(6,219)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(907)	(4,450)	-	(3,029)	(80,360)
Cash and investments - ending	\$ 240	\$ 29,471	\$ -	\$ 1,290	\$ (1,275)	\$ -

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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 For the Year Ended June 30, 2015

	Scholarships and Awards	Paul Griesel Memorial	IB HS AP/IB Testing	Washington Township Foundation	High Ability Grant	Computer Consortium/ Ed Tech Advance
Cash and investments - beginning	\$ (255)	\$ 5,036	\$ 33,566	\$ (7,994)	\$ 12,542	\$ (737,562)
Receipts:						
Local sources	-	-	1,000	131,000	-	-
State sources	-	-	-	-	71,824	1,805,823
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	1,000	131,000	71,824	1,805,823
Disbursements:						
Instruction	-	-	8,064	-	64,142	-
Support services	2,070	-	-	80,553	296	5,863
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	1,319,245
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	2,070	-	8,064	80,553	64,438	1,325,108
Excess (deficiency) of receipts over disbursements	(2,070)	-	(7,064)	50,447	7,386	480,715
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,070)	-	(7,064)	50,447	7,386	480,715
Cash and investments - ending	\$ (2,325)	\$ 5,036	\$ 26,502	\$ 42,453	\$ 19,928	\$ (256,847)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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 For the Year Ended June 30, 2015

	Adult and Continuing Education	Medicaid Reimbursement	Bookstore	Tennis Fund	Tennis Maint	Teacher of the Year
Cash and investments - beginning	\$ (131,519)	\$ 646,384	\$ 31,879	\$ 5,248	\$ 5,892	\$ -
Receipts:						
Local sources	-	-	-	-	6,931	-
State sources	1,013,280	206,737	-	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	1,013,280	206,737	-	-	6,931	-
Disbursements:						
Instruction	769,173	48,901	-	-	-	5,698
Support services	275,183	54,403	22,230	7,589	-	-
Noninstructional services	-	-	-	898	7,509	-
Facilities acquisition and construction	12,248	34,317	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	1,056,604	137,621	22,230	8,487	7,509	5,698
Excess (deficiency) of receipts over disbursements	(43,324)	69,116	(22,230)	(8,487)	(578)	(5,698)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	24,903	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	24,903	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(43,324)	69,116	2,673	(8,487)	(578)	(5,698)
Cash and investments - ending	\$ (174,843)	\$ 715,500	\$ 34,552	\$ (3,239)	\$ 5,314	\$ (5,698)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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 For the Year Ended June 30, 2015

	Non-English Speaking Programs	School Technology	Performance Based Awards	SRO Salary/Benefits	ISTA Settlement	Educational Fees
Cash and investments - beginning	\$ 25,866	\$ 508,718	\$ (69,348)	\$ (17,092)	\$ 987,476	\$ 248,539
Receipts:						
Local sources	-	224,819	-	-	-	256,758
State sources	150,057	3,309	287,209	50,000	-	235
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	150,057	228,128	287,209	50,000	-	256,993
Disbursements:						
Instruction	140,258	8,113	206,998	-	-	338,181
Support services	-	-	9,979	66,878	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	197,106	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	140,258	205,219	216,977	66,878	-	338,181
Excess (deficiency) of receipts over disbursements	9,799	22,909	70,232	(16,878)	-	(81,188)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	28,951
Transfers out	-	-	-	-	(691,233)	-
Total other financing sources (uses)	-	-	-	-	(691,233)	28,951
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,799	22,909	70,232	(16,878)	(691,233)	(52,237)
Cash and investments - ending	\$ 35,665	\$ 531,627	\$ 884	\$ (33,970)	\$ 296,243	\$ 196,302

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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	Title I	Title II-B	SPED Basic	SPED TA	SPED Pre-K
Cash and investments - beginning	\$ (299,674)	\$ (18,793)	\$ (190,151)	\$ (8,640)	\$ (5,249)
Receipts:					
Local sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	2,529,708	170,863	1,859,952	16,611	23,851
Other receipts	-	-	-	-	-
Total receipts	<u>2,529,708</u>	<u>170,863</u>	<u>1,859,952</u>	<u>16,611</u>	<u>23,851</u>
Disbursements:					
Instruction	1,727,229	113,178	1,910,099	11,544	80,643
Support services	998,122	70,164	284,336	3,145	-
Noninstructional services	23,114	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt service	-	-	-	-	-
Nonprogrammed charges	69,878	-	58,477	-	-
Total disbursements	<u>2,818,343</u>	<u>183,342</u>	<u>2,252,912</u>	<u>14,689</u>	<u>80,643</u>
Excess (deficiency) of receipts over disbursements	<u>(288,635)</u>	<u>(12,479)</u>	<u>(392,960)</u>	<u>1,922</u>	<u>(56,792)</u>
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(288,635)</u>	<u>(12,479)</u>	<u>(392,960)</u>	<u>1,922</u>	<u>(56,792)</u>
Cash and investments - ending	<u>\$ (588,309)</u>	<u>\$ (31,272)</u>	<u>\$ (583,111)</u>	<u>\$ (6,718)</u>	<u>\$ (62,041)</u>

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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	Adult Basic Education	Vocational and Technology Board Grants	Refugee Grant	McKinney Vento Grant	Other Federal Programs
Cash and investments - beginning	\$ (117,255)	\$ (50,445)	\$ (1,888)	\$ (2,840)	\$ 3,033
Receipts:					
Local sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	229,251	772,349	12,655	24,935	-
Other receipts	-	-	-	-	-
Total receipts	229,251	772,349	12,655	24,935	-
Disbursements:					
Instruction	188,817	409,942	14,174	8,541	-
Support services	104,652	140,884	-	47,852	1,033
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	6,615	345,273	-	-	-
Debt service	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Total disbursements	300,084	896,099	14,174	56,393	1,033
Excess (deficiency) of receipts over disbursements	(70,833)	(123,750)	(1,519)	(31,458)	(1,033)
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(70,833)	(123,750)	(1,519)	(31,458)	(1,033)
Cash and investments - ending	\$ (188,088)	\$ (174,195)	\$ (3,407)	\$ (34,298)	\$ 2,000

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

	Cohort V	Title III WIDA	Rural Schools Achievement	Rural Schools and Low Income Program - Pass Through State	Title III Influx
Cash and investments - beginning	\$ (32,171)	\$ -	\$ (14,612)	\$ (13,600)	\$ (3,431)
Receipts:					
Local sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	34,459	-	250,326	129,399	13,548
Other receipts	-	-	-	-	-
Total receipts	<u>34,459</u>	<u>-</u>	<u>250,326</u>	<u>129,399</u>	<u>13,548</u>
Disbursements:					
Instruction	2,288	-	130,680	160,702	10,117
Support services	-	6,471	129,585	30,893	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt service	-	-	-	-	-
Nonprogrammed charges	-	-	1,789	-	-
Total disbursements	<u>2,288</u>	<u>6,471</u>	<u>262,054</u>	<u>191,595</u>	<u>10,117</u>
Excess (deficiency) of receipts over disbursements	<u>32,171</u>	<u>(6,471)</u>	<u>(11,728)</u>	<u>(62,196)</u>	<u>3,431</u>
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>32,171</u>	<u>(6,471)</u>	<u>(11,728)</u>	<u>(62,196)</u>	<u>3,431</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (6,471)</u>	<u>\$ (26,340)</u>	<u>\$ (75,796)</u>	<u>\$ -</u>

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

	Student Financial Aid	Insurance Reserve	Prepaid Meal Account	Payroll Clearing	Totals
Cash and investments - beginning	\$ 2	\$ -	\$ 994,562	\$ 711,436	\$ 54,876,586
Receipts:					
Local sources	-	-	-	-	61,489,435
State sources	-	-	-	-	78,782,475
Federal sources	-	-	-	-	10,429,397
Other receipts	2,740	40,938	1,277,827	32,778,001	34,152,050
Total receipts	2,740	40,938	1,277,827	32,778,001	184,853,357
Disbursements:					
Instruction	-	-	-	-	63,092,945
Support services	-	-	-	-	42,151,378
Noninstructional services	-	-	-	-	6,087,310
Facilities acquisition and construction	-	-	-	-	8,169,918
Debt service	-	-	-	-	9,179,665
Nonprogrammed charges	2,742	-	2,098,689	32,959,791	53,336,814
Total disbursements	2,742	-	2,098,689	32,959,791	182,018,030
Excess (deficiency) of receipts over disbursements	(2)	40,938	(820,862)	(181,790)	2,835,327
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	4,000,000
Sale of capital assets	-	-	-	-	24,903
Transfers in	-	-	-	-	4,504,596
Transfers out	-	-	-	-	(4,504,595)
Total other financing sources (uses)	-	-	-	-	4,024,904
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2)	40,938	(820,862)	(181,790)	6,860,231
Cash and investments - ending	\$ -	\$ 40,938	\$ 173,700	\$ 529,646	\$ 61,736,817

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Central Campus School Building Corporation	2006-Building Renovations; HVAC; Roofing	\$ 1,499,000	12/22/2006	7/15/2026
North Central Campus School Building Corporation	2008-Building Renovations; HVAC; Roofing	<u>2,476,000</u>	1/7/2009	7/15/2028
Total governmental activities		<u>3,975,000</u>		
Total of annual lease payments		<u>\$ 3,975,000</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	GO Bonds 2013		\$ 500,000	\$ 501,875
General obligation bonds	GO Bonds 2014 Spring (A)		1,500,000	1,010,000
General obligation bonds	GO Bonds 2014 Fall (B)		1,500,000	1,011,875
General obligation bonds	GO Bonds 2015 (A)		2,000,000	526,230
Notes and loans payable	Common School Fund Loan 2013 (A)		922,371	213,683
Notes and loans payable	Common School Fund Loan 2013 (B)		910,550	210,944
Notes and loans payable	Common School Fund Loan 2012 (B)		816,064	211,667
Notes and loans payable	Common School Fund Loan 2012 (A)		612,048	209,626
Notes and loans payable	STAA Loan 2011		131,520	45,046
Notes and loans payable	Pension Bond		<u>4,615,000</u>	<u>1,362,402</u>
Total governmental activities			<u>13,507,553</u>	<u>5,303,348</u>
Totals			<u>\$ 13,507,553</u>	<u>\$ 5,303,348</u>

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 2,305,122
Infrastructure	201,871
Buildings	92,027,268
Improvements other than buildings	8,984,400
Machinery, equipment, and vehicles	<u>37,847,070</u>
Total governmental activities	<u>141,365,731</u>
Total capital assets	<u>\$ 141,365,731</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Washington Township'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 year ended June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on Improving Teacher Quality State Grants

As described in item 2015-011 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability, and Reporting that are applicable to its Improving Teacher Quality State Grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Improving Teacher Quality State Grants

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Improving Teacher Quality State Grants* paragraph, 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 Improving Teacher Quality State Grants for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-004, 2015-005, 2015-007, 2015-008, and 2015-009. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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


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

be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, 2015-004, 2015-005, 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, and 2015-012 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-006 to be a significant deficiency.

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

March 1, 2018

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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2015	\$ -	\$ 1,145,641
School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555	FY 2015	-	2,979,015
National School Lunch Program			FY 2015	-	2,828
After School Hours Snack Program			FY 2015	-	317,151
National School Lunch Program - Commodities					
Total - National School Lunch Program				-	3,298,994
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2015	-	178,288
Summer Food Service Program					
Total - Child Nutrition Cluster				-	4,622,923
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582	FY 2015	-	55,717
Fresh Fruit and Vegetable Program					
Total - Department of Agriculture				-	4,678,640
Department of Education					
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027	14214-060-PN01	-	737,283
Special Education - Grants to States			14215-060-PN01	-	1,122,669
Special Education - Grants to States			99914-060-TA01	-	16,611
Special Education - Technical Assistance					
Total - Special Education_Grants to States				-	1,876,563
Special Education_Preschool Grants	Indiana Department of Education	84.173	45714-060-PN01	-	23,851
Special Education - Preschool Grants					
Total - Special Education Cluster (IDEA)				-	1,900,414
Student Financial Assistance Cluster					
Federal Direct Student Loans	Direct Grant	84.268	P268K144146	-	2,740
Federal Direct Loan Program					
Total - Student Financial Assistance Cluster				-	2,740
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-5370	-	767,139
Title I Grants			15-5370	-	1,762,569
Title I Grants					
Total - Title I Grants to Local Educational Agencies				-	2,529,708

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Adult Education - Basic Grants to States Adult Education - Basic 2013-2014	Indiana Department of Education	84.002	C1-4-AE-3-833	-	229,251
Career and Technical Education -- Basic Grants to States Carl Perkins - FY 13-14 Carl Perkins - FY 14-15	Indiana Department of Education	84.048	14-4700-5370 15-4700-5370	- -	251,704 520,644
Total - Career and Technical Education -- Basic Grants to States				-	772,348
Education for Homeless Children and Youth McKinney Vento 13-14	Indiana Department of Education	84.196	A58-4-14SS-1803	-	24,935
Twenty-First Century Community Learning Centers Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287	Cohort V Year 4	-	34,459
English Language Acquisition State Grants English Language Acquisition - Title III English Language Acquisition - Title III Immigrant Influx-Title III	Indiana Department of Education	84.365	01114-050-PN01 01115-069-PN01 01113-062 FLUX	- - -	21,454 107,945 13,548
Total - English Language Acquisition State Grants				-	142,947
Mathematics and Science Partnerships Mathematics and Science Partnerships	Indiana Department of Education	84.366	EDS-A58-3-13CI-1267	-	170,863
Improving Teacher Quality State Grants Improving Teacher Quality - Title II A Improving Teacher Quality - Title II A	Indiana Department of Education	84.367	12-5370 13-5370	- -	162,609 87,716
Total - Improving Teacher Quality State Grants				-	250,325
Total - Department of Education				-	6,057,990
<u>Department of Health and Human Services</u> Refugee and Entrant Assistance Discretionary Grants Refugee and Entrant Assistance Discretionary Grants	Indiana Department of Education	93.576	700REFSCHLIMF14	-	12,655
Total - Department of Health and Human Services				-	12,655
Total federal awards expended				\$ -	\$ 10,749,285

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified for Special Education Cluster (IDEA), Title I Grants to Local Educational Agencies, and Career and Technical Education -- Basic Grants to States Qualified for Improving Teacher Quality State Grants
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 Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Special Education Cluster (IDEA)
84.048	Title I Grants to Local Educational Agencies
84.367	Career and Technical Education -- Basic Grants to States
	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$322,479

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

Section II - Financial Statement Findings

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-001

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 14214-060-PN01, 14215-060-PN01,
45714-060-PN01, 99914-060-TA01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Semi-Annual Certifications and Personnel Activity Reports were not accurately maintained for all employees paid from grant funds. Additionally, the system of internal control relating to vendor disbursements was not effective.

Context

The lack of controls and noncompliance were systemic problems during the period audited.

Three of the eight employees tested who were paid entirely from Special Education funds did not have the required Semi-Annual Certifications completed certifying they worked solely on Special Education activities. One of the twenty-five employees who was paid from multiple funds did not have the required monthly Personnel Activity Reports.

Criteria

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

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

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

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

Cause

The School Corporation's management had not developed a system of internal controls that would have prevented, or detected and corrected, material noncompliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-002

Subject: Special Education Cluster (IDEA) - Suspension and Debarment

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): 14214-060-PN01, 14215-060-PN01,
45714-060-PN01, 99914-060-TA01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

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

Condition

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

The School Corporation did not have procedures in place to verify that vendors were not suspended or debarred. The School Corporation entered into multiple contracts related to the federal award during the audit period; however, the School Corporation had not verified that the vendors were not suspended or debarred.

Context

The lack of controls and noncompliance was a systemic problem 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 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's management had not developed a system of internal controls to ensure compliance with the Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-003

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed,
Cash Management, Period of Availability, and 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): 14214-060-PN01, 14215-060-PN01,
45714-060-PN01, 99914-060-TA01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Cash Management,
Period of Availability, Reporting

Audit Finding: Material Weakness

Repeat Finding

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

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting compliance requirements.

Activities Allowed or Unallowed and Period of Availability

Disbursements from the grant were reviewed and approved by the Special Education Director; however, documentation of these approvals was found to be inconsistently applied.

Cash Management

Requests for Reimbursement were prepared and reviewed by separate employees in the business office prior to submission; however, of the eleven Requests for Reimbursement submitted, six contained signatures of only one employee.

Reporting

Final Expenditure Reports were not reviewed by an individual other than the preparer prior to submission, nor was any other control in place to ensure the accuracy of the reports. Each year, Child Count data was sent to teachers for verification. Once finalized, the data was entered into the Skyward system. Documentation of the verification of the Child Count data was not presented for audit.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls over the Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting compliance requirements was a systemic problem for the audit period.

Criteria

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

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

Cause

The School Corporation's management had not developed a system of internal controls that would have prevented, or detected and corrected, potential material noncompliance.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2015-004

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5370, 15-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-005.

Condition

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

The School Corporation charged severance payouts in the amount of \$13,766 directly to the Title I grant fund. Severance payments should not have been charged as a direct cost.

Context

The internal controls were found to not be effective in this isolated incident related to severance pay.

Criteria

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

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

OMB Circular A-87 Attachment B, paragraph 8g(2) states: "Severance payments (but not accruals) associated with normal turnover are allowable. Such payments shall be allocated to all activities of the governmental unit as indirect cost."

Cause

The School Corporation's management had not developed an effective system of controls that would have prevented, or detected and corrected, material noncompliance.

Effect

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

Questioned Costs

The severance payouts in the amount of \$13,766 were considered questioned costs.

Recommendation

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

Views of Responsible Officials

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-005

Subject: Title I Grants to Local Educational Agencies - Suspension and Debarment
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5370, 15-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
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 the grant agreement and the Suspension and Debarment compliance requirement.

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

Context

The lack of controls were a systemic problem for the audit period. The two vendors that fell under the Suspension and Debarment requirements were not verified to ensure they were not suspended or debarred.

Criteria

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

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

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's management had not developed a system of internal controls to ensure compliance with the Suspension and Debarment compliance requirement.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-006

Subject: Title I Grants to Local Educational Agencies - Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5370, 15-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Condition

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

The Final Expenditure Report was prepared and submitted without a documented oversight, approval, or other internal control process to ensure the accuracy of the information.

Context

Of the four reports audited, only the Final Expenditure Report lacked internal controls.

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. . . ."

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation's management had not developed a system of internal controls that would have prevented, or detected and corrected, potential noncompliance.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-007

Subject: Title I Grants to Local Educational Agencies - 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): 14-5370, 15-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
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 the grant agreement and the Special Tests and Provisions - Comparability compliance requirement.

The Comparability Report was required to be submitted to the Indiana Department of Education (IDOE) by the School Corporation during the odd years, so during the audit period, it was not required to be submitted to the IDOE. When the report was required to be submitted to the IDOE, the School Corporation had controls in place to ensure accuracy. However, since it was not required to be submitted, these controls were not documented. The Comparability Report detailed the number of students enrolled at the Title I schools along with the Full-Time Equivalent (FTE) for staff numbers and calculated an average of student per staff ratio, but the student enrollment and FTE staff numbers were not from the correct year per the instructions of the report.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of internal controls over the Special Tests and Provisions - Comparability compliance requirement was a systemic problem for the audit period.

The difference in the student enrollment numbers ranged from an understatement of 9 students to an overstatement of 102 students. The difference in the FTE staff numbers ranged from an overstatement of 16.5 to 51 FTE staff.

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. . . ."

Section 1120A(c)(2)(A) of ESEA states in part:

"EQUIVALENCE - A local educational agency shall be considered to have met the requirements of paragraph (1) if such agency has filed with the State educational agency a written assurance that such agency has established and implemented -- . . . (ii) a policy to ensure equivalence among schools in teachers, administrators, and other staff; . . ."

According to the IDOE's *Comparability of Services - Title I* guidance document:

"Current year data must be used to complete the district's comparability report. Typically, data are used based on fall counts (enrollments and staff). In any case, two criteria must apply: 1) the date used by the LEA may be no later than October 1 of the comparability reporting year; and 2) all data that an LEA uses in the comparability report must reflect conditions as they currently exist on the date from which the LEA bases comparability."

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Comparability compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2015-008

Subject: Career and Technical Education -- Basic Grants to States - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Career and Technical Education -- Basic Grants to States
CFDA Number: 84.048
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4700-5370, 15-4700-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-006.

Condition

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

The School Corporation's identified control over Allowable Costs/Cost Principles for payroll transactions was that a supervisory official certified that the employees charged to the grant fund worked solely on the grant. However, the second semester Semi-Annual Certifications were not verified by a supervisory official.

One of the four employees tested had time charged to more than one fund and should have had a monthly Personnel Activity Report, but was included on the Semi-Annual Certification. Additionally, salaries of two employees during the first semester were charged to the grant fund, but the employees were not included on the Semi-Annual Certifications. Lastly, the second semester Semi-Annual Certifications were maintained; however, they were not verified by a supervisory official having firsthand knowledge of the work performed by the employee as required.

Context

The lack of internal controls over the Allowable Costs/Cost Principles compliance requirements was a systemic problem for the audit period.

Criteria

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

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

(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,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

Cause

The School Corporation's management had not developed a system of internal controls that would have prevented, or detected and corrected, material noncompliance.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-009

Subject: Career and Technical Education -- Basic Grants to States - Period of Availability
Federal Agency: Department of Education
Federal Program: Career and Technical Education -- Basic Grants to States
CFDA Number: 84.048
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4700-5370, 15-4700-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Period of Availability
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2014-007.

Condition

An effective internal control system was not in place at the School Corporation that would have ensured compliance with the grant agreement and the Period of Availability compliance requirement.

For the transactions that were charged subsequent to the Period of Availability to the grant, the obligations did not all occur within the Period of Availability and one was not liquidated within 90 days of the end of the Period of Availability.

Context

The lack of internal control over the Period of Availability compliance requirement was a systemic problem for the audit period. Of the 18 subsequent transactions tested, 11 were for obligations occurring after the Period of Availability for the 14-4700-5370 award. In one instance, a payment was not liquidated within 90 days of the end of the Period of Availability.

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. . . ."

20 USC 2353(b)(1) states:

"In any academic year that an eligible recipient does not expend all of the amounts the eligible recipient is allocated for such year under section 2351 or 2352 of this title, such eligible recipient shall return any unexpended amounts to the eligible agency to be reallocated under section 2351 or 2352 of this title, as appropriate."

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the Period of Availability compliance requirement.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Period of Availability compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-010

Subject: Career and Technical Education -- Basic Grants to States -
Activities Allowed or Unallowed and Procurement
Federal Agency: Department of Education
Federal Program: Career and Technical Education -- Basic Grants to States
CFDA Number: 84.048
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4700-5370, 15-4700-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Procurement
and Suspension and Debarment
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit regarding Activities Allowed or Unallowed. The prior audit finding number was 2014-006.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Procurement compliance requirements.

Activities Allowed or Unallowed

The Grant Director reviewed goods and services provided by grant funds for allowability; however, there were instances in which there was no documentation of the Grant Director's approval. Also, there was no review of payroll transactions charged to the grant funds for allowability.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Procurement

Management of the School Corporation indicated that purchase requisitions were to be reviewed and approved by the Grant Director before submission to the purchasing coordinator. Multiple vouchers did not include a requisition and/or have a documented review by the Grant Director.

Context

The lack of internal control over the Activities Allowed or Unallowed and Procurement compliance requirements was a systemic problem for the audit period.

Criteria

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

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

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the Activities Allowed or Unallowed and Procurement compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and Procurement compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Activities Allowed or Unallowed and Procurement compliance requirements.

Views of Responsible Officials

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-011

Subject: Improving Teacher Quality State Grants - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Cash Management, Period of Availability,
and Reporting
Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number and Year (or Other Identifying Number): 12-5370
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Cash Management, Period of Availability, Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability, and Reporting compliance requirements.

When the final request for reimbursement was prepared and submitted on October 16, 2014, in addition to the actual expenditures incurred, management requested the entire grant award that remained unused for reimbursement. When the Final Report was submitted on December 31, 2014, total expenditures were reported to be \$294,384, and matched the total amount of reimbursements received. However, the supporting documentation and the School Corporation's expenditure activity, actual expenditures from the 12-5370 grant totaled \$272,283, which was \$22,102 short of the total reimbursements received. Based on the grant folder, it appeared that the School Corporation intended to transfer some expenditures from the General fund to the grant fund. However, these transfers never occurred, so we could not determine whether the costs would have been allowable.

Context

The reimbursement of the remaining grant award occurred as the period of availability of funds for the 12-5370 grant was closing. No other grant periods closed 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. . . ."

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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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."

34 CFR 80.20(b) states in part:

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records with adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . .
- (5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

34 CFR 80.21(d) states in part: ". . . Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

Cause

The School Corporation's management had not established effective internal control processes and procedures to ensure that amounts requested for reimbursement were expended prior to reimbursement.

Effect

The failure to establish an effective internal control system resulted in the School Corporation's noncompliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability, and Reporting compliance requirements.

Questioned Costs

The total of known questioned costs was \$22,102.

Recommendation

We recommended that the School Corporation's management establish controls to provide reasonable assurance that material noncompliance with the grant agreement and the compliance requirements of a federal program would have been prevented, or detected and corrected, on a timely basis.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2015-012

Subject: Improving Teacher Quality State Grants - Activities Allowed
or Unallowed and Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Improving Teacher Quality State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 12-5370, 13-5370

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Condition

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

Grant management indicated that prior to a purchase being made, the purchaser would obtain approval from the Grants office to ensure compliance and correct usage of account codes. However, several claim vouchers reviewed found that approval from the Grants office was inconsistently documented. Upon further inquiry, it was found that the consultation and approval from the Grants office was often done verbally, where no documentation would have been made.

Context

The lack of documentation of controls over Activities Allowed or Unallowed and Allowable Costs/Cost Principles was a systemic issue throughout the audit period.

Criteria

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

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

Cause

The School Corporation's management had not established an effective internal control process and procedures to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management fully implement and document controls in place related to the grant agreement and 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.

AUDITEE-PREPARED DOCUMENTS

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



Metropolitan School District of
WASHINGTON TOWNSHIP
"Superior Schools in a Supportive Community"

Nikki C. Woodson, Ph.D., Superintendent

January 31, 2018

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JULY 1, 2013 TO JUNE 30, 2014**

FINDING 2014-003 - ACTIVITIES ALLOWED; ALLOWABLE COSTS/COST PRINCIPLES; CASH MANAGEMENT; SUSPENSION AND DEBARMENT; PERIOD OF AVAILABILITY; AND REPORTING

Original SBA Audit Report Number:	B46081
Fiscal Year	2014
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person	Joseph A. Licata
Title of Contact Person	Chief Business Officer
Telephone Number	317-205-3332, Ext. 77210
Status of Finding:	Procedures in place since January 2016

Activities Allowed; Allowable Costs/ Cost Principles; Cash Management; Period of Availability; and Reporting

- (1) The School Corporation has implemented a control procedure whereby the reimbursement request submitted to IDOE is prepared by the Coordinator of Grant Accounting and approved by the Controller. Both parties will document their respective roles by signing and dating the reimbursement request.
- (2) Payments to part-time employees who spend all of their time on grant activities (such as instructor assistants) will also complete bi-annual time and effort certifications similar to full time employees.

Suspension and Debarment

Our vendors have been compared to the Suspension and Debarment list from the federal System for Award Management (SAM) website. None of the vendors MSDWT uses are on the list. This comparison has been performed within the Business Office and will not be left to Grant Administrators. All vendors who appear on the Vendor Expenditure Summary Report will be checked on a quarterly basis.



FINDING 2014-004 – LEVEL OF EFFORT

Original SBA Audit Report Number: B46081
Fiscal Year 2014
Pass-Through Entity: Indiana Department of Education

Auditee Contact Person Joseph A. Licata
Title of Contact Person Chief Business Officer
Telephone Number 317-205-3332, Ext. 77210

Status of Finding: Procedure in place since April 2017

Federal Award Number and Year (or Other Identifying Number): 13-5370, 14-5370 (Title I); 12-4700-5370, 13-4700-5370 (CTE); Cohort IV Year 4, Cohort V Year 3, and Cohort V Year 4 (21st Century)

MSDWT will implement a system for documenting our awareness and tracking of information relevant to the Level of Effort compliance requirement. This will be done by a person knowledgeable of this requirement and the documentation will also show that it has been reviewed by another knowledgeable individual.

FINDING 2014-005 – ALLOWABLE COSTS/ COST PRINCIPLES

Original SBA Audit Report Number: B46081
Fiscal Year 2014
Pass-Through Entity: Indiana Department of Education

Auditee Contact Person Joseph A. Licata
Title of Contact Person Chief Business Officer
Telephone Number 317-205-3332, Ext. 77210

Status of Finding: Procedure in place since October 2015

MSDWT no longer charges severance payments for retiring teachers directly to the Title I Grant.

FINDING 2014-006 - ACTIVITIES ALLOWED, ALLOWABLE COSTS/ COST PRINCIPLES

Original SBA Audit Report Number: B46081
Fiscal Year 2014
Pass-Through Entity: Indiana Department of Education

Auditee Contact Person Joseph A. Licata
Title of Contact Person Chief Business Officer

Telephone Number 317-205-3332, Ext. 77210
Status of Finding: Procedures in place since December 2014

MSDWT established a more effective internal control system including segregation of duties, related to the grant agreement. We will review our current system of internal control over activities allowed and allowable costs to insure that all transactions are approved by the grant manager.

FINDING 2014-007 - CASH MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING

Original SBA Audit Report Number: B46081
Fiscal Year 2014
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person Joseph A. Licata
Title of Contact Person Chief Business Officer
Telephone Number 317-205-3332, Ext. 77210
Status of Finding: Procedures in place since October 2016

MSDWT revised its system of internal control. These revisions were designed to prevent expenditures from occurring outside of the grant period and to eliminate any errors in reporting and claiming of reimbursements. Compliance with Cash Management, Reporting and dates dealing with Period of Availability and seeking reimbursement only for actual expenses are strictly adhered to.

FINDING 2014-008 - SPECIAL TESTS AND PROVISIONS

Original SBA Audit Report Number: B46081
Fiscal Year 2014
Pass-Through Entity: Indiana Department of Education
Auditee Contact Person Joseph A. Licata
Title of Contact Person Chief Business Officer
Telephone Number 317-205-3332, Ext. 77210
Status of Finding: Procedures in place since January 2016

Should MSDWT again be the recipient of a Twenty-First Century grant, we will provide oversight to insure that sufficient procedures are established regarding the Participation of Private School Children, so as to comply with this requirement.

FINDING 2014-009 - ACTIVITIES ALLOWED; ALLOWABLE COSTS/COST PRINCIPLES; CASH MANAGEMENT; PERIOD OF AVAILABILITY; REPORTING; AND LEVEL OF EFFORT

Original SBA Audit Report Number:	B46081
Fiscal Year	2014
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person	Joseph A. Licata
Title of Contact Person	Chief Business Officer
Telephone Number	317-205-3332, Ext. 77210
Status of Finding:	Procedure in place since April 2017

Activities Allowed, Allowable Costs/Cost Principals, Cash Management, Period of Availability, and Reporting

“In December 2013, an internal control was instituted that required a knowledgeable second person participating overseeing these compliance requirements. Once this control was implemented, it was found to be operating effectively.”

Above quote from Audit Report.

No corrective action required per the above comment.

Level of Effort

MSDWT will implement a system for documenting our awareness and tracking of information relevant to the Level of Effort compliance requirement. This will be done by a person knowledgeable of this requirement and the documentation will also show that it has been reviewed by another knowledgeable individual.

FINDING 2014-010 - SPECIAL TESTS AND PROVISIONS

Original SBA Audit Report Number:	B46081
Fiscal Year	2014
Pass-Through Entity:	Indiana Department of Education
Auditee Contact Person	Joseph A. Licata
Title of Contact Person	Chief Business Officer
Telephone Number	317-205-3332, Ext. 77210
Status of Finding:	Procedure in place since December 2014

MSDWT put procedures in place that document all efforts made to contact and communicate with private schools. Email communications are printed and placed in the grant file held by the grant administrator. A telephone log documenting attempts to communicate with private schools is also kept so that evidence exists that every effort has been made to offer private schools an opportunity to participate. We seek out signatures from schools indicating they wish to opt out with the understanding that signatures may not be obtainable.

AMENDED CORECTIVE ACTION PLAN – MARCH 17, 2016

SUPPLEMENTAL FINDINGS ON FINANCIAL AID PROGRAMS

Original SBA Audit Report Number:	B46081
Fiscal Year	2014
Direct: USDOE	
Auditee Contact Person	Joseph A. Licata
Title of Contact Person	Chief Business Officer
Telephone Number	317-205-3332, Ext. 77210
Status of Finding:	

FINDINGS 2014-11, 12, 13 & 14 are related to the Federal Pell Grant Program and the Federal Direct Student Loan Program. MSDWT is a public K-12 school district and not a post-secondary institution. MSDWT/JEL was offering only one post-secondary program, Licensed Practical Nursing (LPN).

MSDWT/JEL has phased out the LPN program as of December 31, 2014, and voluntarily withdrew from participation in all Federal Student Aid programs. The school district's intention to not allow or receive any financial aid past June 30, 2014. Therefore, no corrective action plan was developed or implemented since MSDWT/JEL no longer offers any qualifying post-secondary programs and no longer participates in any Federal Student Aid program. See additional comments regarding FINDING 2014-013 below.

FINDING 2014-011 - ELIGIBILITY; REPORTING; AND SPECIAL TEST AND PROVISIONS

Federal Agency: Department of Education
Federal Program: Federal Pell Grant Program, Federal Direct Loan Program
CFDA Number: 84.063, 84.268
Federal Award Number and Year (or Other Identifying Number): P063P124146, P063Q124146, P063P134146, P063Q134146, P268K134146, P268K144146

Program eliminated – no follow-up required.

FINDING 2014-012 - CASH MANAGEMENT

Federal Agency: Department of Education
Federal Program: Federal Pell Grant Program, Federal Direct Loan Program
CFDA Number: 84.063, 84.268

Federal Award Number and Year (or Other Identifying Number): P063P124146, P063Q124146, P063P134146, P063Q134146, P268K134146, P268K144146

Program eliminated – no follow-up required.

FINDING 2014-013 - SPECIAL TESTS AND PROVISIONS - VERIFICATION

Federal Agency: Department of Education

Federal Program: Federal Pell Grant Program, Federal Direct Loan Program

CFDA Number: 84.063, 84.268

Federal Award Number and Year (or Other Identifying Number): P063P124146, P063Q124146, P063P134146, P063Q134146, P268K134146, P268K144146

MSD Washington Township received a Final Audit Determination (FAD) letter from the USDOE dated January 31, 2017. The FAD indicated there was insufficient documentation related to verification for ten students and requested we repay \$54,437.00 in financial aid received by former students. Additional documentation was provided to USDOE and the request was eventually lowered to \$10,509.92. That amount was in reference to only two students. A settlement agreement was approved by the USDOE

and the MSDWT Board of Education and the amount was refunded to the USDOE on September 14, 2017. An Oder of Dismissal was then issued by USDOE on October 13, 2017.

FINDING 2014-014 - SPECIAL TESTS AND PROVISIONS- RETURN OF TITLE IV FUNDS

Federal Agency: Department of Education

Federal Program: Federal Pell Grant Program, Federal Direct Loan Program

CFDA Number: 84.063, 84.268

Federal Award Number and Year (or Other Identifying Number): P063P124146, P063Q124146, P063P134146, P063Q134146, P268K134146, P268K144146

Program eliminated – no follow-up required.

Respectfully,



Joseph A. Licata
Chief Business Officer



Metropolitan School District of
WASHINGTON TOWNSHIP
"Superior Schools in a Supportive Community"

Nikki C. Woodson, Ph.D., *Superintendent*

February 26, 2018

**CORRECTIVE ACTION PLAN – RESPONSE TO FINDINGS
FEDERAL AWARDS
JULY 1, 2014 TO JUNE 30, 2015**

FINDING 2015-001

Contact Person responsible for Corrective Action: Mrs. Mary Lowe, Director of Special Services
Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan: The Director will review and sign the semi-annual certifications for those employees paid from the grant. In addition, should there be any split-funded staff, those staff members will complete the Personnel Activity Report monthly. It will then be reviewed and signed by the Director.

Anticipated completion Date: March 2018

FINDING 2015-002

Contact Person responsible for Corrective Action: Joe Licata, CBO
Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan: All vendors we pay during a calendar quarter are compared to the Suspension and Debarment list from the federal System for Award Management (SAM) website. This comparison is performed by the Business Office. All vendors who appear on the Vendor Expenditure Summary Report checked on a quarterly basis.

Anticipated completion Date: This has been ongoing since January 2016.

FINDING 2015-003

Contact Person responsible for Corrective Action: Mrs. Mary Lowe, Director of Special Services, and Joe Licata, CBO

Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan:

- 1) *Activities Allowed or Unallowed and Period of Availability* – The expenditure review and approval procedure within the Special Services Department and the Business Office has been modified and should remedy this situation.
- 2) *Cash Management* – Procedures are now in place within the Business Office so that both the individual preparing the report and the person reviewing the report sign off prior to submittal.
- 3) *Reporting* -
 - a) Final Expenditure Reports - The Business Office will prepare the Final Expenditure Report and personnel from the Director's office will review the report. Both parties will sign off on the final report to document this process.
 - b) Child Count Data – The Director's office will reconcile the child count data from the Skyward system with the data from the State IIEP system to ensure proper verification.

Anticipated completion Date: January 2018

FINDING 2015-004

Contact Person responsible for Corrective Action: Joe Licata, CBO

Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: MSDWT ceased paying severance from all federal grant programs including Title 1.

Anticipated completion Date: Complete as of October 2015.

FINDING 2015-005

Contact Person responsible for Corrective Action: Joe Licata, CBO
Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit finding.

Description of Corrective Action Plan: All vendors we pay during a calendar quarter are compared to the Suspension and Debarment list from the federal System for Award Management (SAM) website. This comparison is performed by the Business Office. All vendors who appear on the Vendor Expenditure Summary Report checked on a quarterly basis.

Anticipated completion Date: this has been ongoing since January 2016.

FINDING 2015-006

Contact Person responsible for Corrective Action: Joe Licata, CBO, and Dr. Michalek,
Grants/Assessments Coordinator
Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: The Business Office will prepare the Final Expenditure Report and personnel from the Grant/Assessment office will review the report. Both parties will sign off on the final report to document this process.

Anticipated completion Date: January 2018

FINDING 2015-007

Contact Person responsible for Corrective Action: Dr. Michalek, Grants/Assessments Coordinator

Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: Title I Comparability will be calculated and documented annually by the IDOE deadline using a September same day count of student enrollment and number of instructional staff.

Anticipated completion Date: February 2018

FINDING 2015-008

Contact Person responsible for Corrective Action: Mrs. Wright-Browner, Director CTE
Contact Phone Number: 317-259-5265

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: The Director will review and sign the semi-annual certifications for those employees paid from the grant. In addition, should there be any split-funded staff, those staff members will complete the PAR monthly. It will then be reviewed and signed by the Director.

Anticipated completion Date: February 2018.

FINDING 2015-009

Contact Person responsible for Corrective Action: Joe Licata, CBO, Mrs. Wright-Browner, Director CTE
Contact Phone Number: 317-259-5265

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: MSDWT revised its system of internal control. These revisions were designed to prevent expenditures from occurring outside of the grant period and to eliminate any errors in reporting and claiming of reimbursements. Compliance with Cash Management, Reporting and dates dealing with Period of Availability and seeking reimbursement only for actual expenses are strictly adhered to.

Anticipated completion Date: October 2016

FINDING 2015-010

Contact Person responsible for Corrective Action: Mrs. Wright-Browner, Director CTE
Contact Phone Number: 317-259-5265

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: The Director has put procedures in place where the Director's approval of requested expenditures are approved. If the approval is done by electronic means, a copy of the approval will be printed and kept with the documentation.

Anticipated completion Date: February 2018

FINDING 2015-011

Contact Person responsible for Corrective Action: Joe Licata, CBO
Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: We have implemented a system of internal control whereby only expenditure transactions already posted to the grant fund may be considered when determining the amount for a reimbursement request. Reimbursement requests will not include anticipated expenses or anticipated transfers of expenses to the grant fund.

Anticipated completion Date: January 2017

FINDING 2015-012

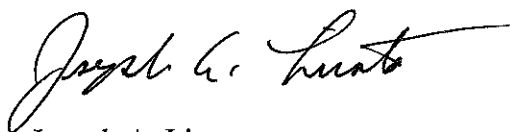
Contact Person responsible for Corrective Action: Joe Licata, CBO, and Dr. Michalek,
Grants/Assessments Coordinator
Contact Phone Number: 317-205-3332

Views of Responsible Official: We concur with the audit findings.

Description of Corrective Action Plan: MSDWT established a more effective internal control system including segregation of duties, related to the grant agreement. We will review our current system of internal control over activities allowed and allowable costs to insure that all transactions are approved by the grant manager.

Anticipated completion Date: January 2018

Respectfully,



Joseph A. Licata
Chief Business Officer

CC: Dr. Nikki Woodson, Superintendent
Mr. Donald B. Kite, President, Board of Education

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/>.