

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WESTERN WAYNE SCHOOLS
WAYNE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
04/10/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joyce Runyon (Vacant) Peggy Huesman	07-01-13 to 08-29-14 08-30-14 to 08-31-14 09-01-14 to 12-31-18
Superintendent of Schools	Dr. Robert Mahon	07-01-13 to 06-30-18
President of the School Board	Steven Sweet Kevin Munchel	07-01-13 to 12-31-14 01-01-15 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Western Wayne Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 21, 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 21, 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 WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Western Wayne Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated March 21, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002.

Western Wayne Schools' Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 21, 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.

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

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,139,518	\$ 6,726,381	\$ 7,131,093	\$ 8,621	\$ 743,427	\$ 6,552,063	\$ 6,855,640	\$ 8,598	\$ 448,448
Debt Service	453,690	839,862	843,521	(24,676)	425,355	856,642	832,514	(45,595)	403,888
Retirement/Severance Bond Debt Service	30,448	68,942	69,181	(2,208)	28,001	69,596	66,673	(3,833)	27,091
Capital Projects	23,060	637,084	541,449	15,394	134,089	630,188	733,188	28,422	59,511
School Transportation	32,360	389,298	346,720	8,825	83,763	384,880	380,094	16,543	105,092
School Bus Replacement	336,389	116,637	76,078	2,665	379,613	100,416	93,552	(245,537)	140,940
Rainy Day	1,600,000	-	-	-	1,600,000	-	-	250,000	1,850,000
Retirement/Severance Bond	1	5,583	5,583	-	1	394	-	-	395
Construction	-	-	-	-	-	1,591	105,262	105,262	1,591
School Lunch	82,963	469,562	480,842	-	71,683	462,062	511,766	-	21,979
Textbook Rental	87,091	103,847	90,626	-	100,312	103,372	152,131	-	51,553
Levy Excess	-	-	-	-	-	356	-	-	356
Educational License Plates	723	131	854	-	-	113	-	-	113
Alternative Education	2,007	6,750	2,138	-	6,619	6,700	13,082	-	237
Transportation Trips ECA	(3,848)	16,312	15,839	3,375	-	17,975	17,975	-	-
Welfare Activities	-	-	-	-	-	870	-	-	870
Scholarships and Awards	1,626	19,919	3,596	-	17,949	1,963	18,208	-	1,704
Wellness Program	2,439	-	2,025	-	414	-	414	-	-
LMS Read-A-Thon	89	75	-	-	164	-	164	-	-
High Ability Grants 2012-2013	12,693	-	12,693	-	-	-	-	-	-
High Ability Grants 2013-2014	-	28,719	26,666	-	2,053	-	2,053	-	-
High Ability Grants 2014-2015	-	-	-	-	-	28,325	28,325	-	-
Medicaid Reimbursement	1,551	7,561	-	(8,920)	192	8,406	-	(8,598)	-
Secured Schools Safety Grant	-	-	-	-	-	62,040	62,040	-	-
School Technology	1,011	3,617	3,621	-	1,007	3,669	3,617	-	1,059
Miscellaneous Programs	-	3,482	-	-	3,482	8,503	11,985	-	-
Title I 2012-2013	9,838	-	9,838	-	-	-	-	-	-
Title I 2013-2014	-	223,992	236,681	10,772	(1,917)	1	15,775	17,691	-
Title I 2014-2015	-	-	-	-	-	221,614	228,212	4,402	(2,196)
Medicaid Reimbursement Federal	7,406	13,894	16,841	-	4,459	15,362	11,777	-	8,044
Title IIA FY2011	-	4,205	4,205	-	-	-	-	-	-
Title IIA FY2013	-	27,259	16,487	(10,772)	-	17,697	6	(17,691)	-
Title IIA FY2014	-	-	-	-	-	23,282	18,880	(4,402)	-
Rural Schools and Low Income Program - Pass Through State	-	1,615	1,615	-	-	16,447	16,447	-	-
Retirement/Severance Clearing	163,248	-	5,123	-	158,125	-	-	-	158,125
Construction Clearing	-	-	-	-	-	-	-	1,884,992	1,884,992
Payroll Withholdings	5,002	1,948,096	1,946,752	-	6,346	1,851,936	1,849,580	-	8,702
Prepaid Food	(1,013)	6,454	6,876	-	(1,435)	5,275	5,771	-	(1,931)
Totals	\$ 3,988,292	\$ 11,669,277	\$ 11,896,943	\$ 3,076	\$ 3,763,702	\$ 11,451,738	\$ 12,035,131	\$ 1,990,254	\$ 5,170,563

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

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

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.

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants and unpaid student lunches. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 and 2015.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Western Wayne 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. The lease agreement is financed through the Qualified School Construction Bond

WESTERN WAYNE SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

program in which lease payments are subsidized through Internal Revenue Service (IRS) rebates. Annual lease payments required under the lease are \$102,792; however, lease payments made by the School Corporation during the years 2014 and 2015 totaled \$7,401 and \$7,504, respectively. The remainder was subsidized through IRS rebates.

Note 9. Combined Funds

Funds related to Retirement/Severance Bond and Retirement/Severance Clearing were reported individually in the current financial statements, but were combined into one fund for the prior financial statements.

Note 10. Restatement

For the year ended June 30, 2014, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated balances which were excluded from the prior report.

Fund	Balance as of June 30, 2013	Prior Period Adjustment	Balance as of July 1, 2013
Prepaid Food	\$ -	\$ (1,013)	\$ (1,013)

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the 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.

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

	General	Debt Service	Retirement/ Severance/ Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,139,518	\$ 453,690	\$ 30,448	\$ 23,060	\$ 32,360	\$ 336,389	\$ 1,600,000	\$ 1
Receipts:								
Local sources	101,230	839,862	68,942	637,084	363,458	116,637	-	5,583
Intermediate sources	35	-	-	-	-	-	-	-
State sources	6,624,294	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	822	-	-	-	25,840	-	-	-
Total receipts	<u>6,726,381</u>	<u>839,862</u>	<u>68,942</u>	<u>637,084</u>	<u>389,298</u>	<u>116,637</u>	<u>-</u>	<u>5,583</u>
Disbursements:								
Instruction	4,369,128	-	-	-	-	-	-	-
Support services	2,549,337	1,585	-	401,914	346,720	76,078	-	5,583
Noninstructional services	212,628	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	139,535	-	-	-	-
Debt service	-	841,936	69,181	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>7,131,093</u>	<u>843,521</u>	<u>69,181</u>	<u>541,449</u>	<u>346,720</u>	<u>76,078</u>	<u>-</u>	<u>5,583</u>
Excess (deficiency) of receipts over disbursements	<u>(404,712)</u>	<u>(3,659)</u>	<u>(239)</u>	<u>95,635</u>	<u>42,578</u>	<u>40,559</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	3,076	-	-	-	-	-	-	-
Transfers in	8,920	-	-	15,394	8,825	2,665	-	-
Transfers out	(3,375)	(24,676)	(2,208)	-	-	-	-	-
Total other financing sources (uses)	<u>8,621</u>	<u>(24,676)</u>	<u>(2,208)</u>	<u>15,394</u>	<u>8,825</u>	<u>2,665</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(396,091)</u>	<u>(28,335)</u>	<u>(2,447)</u>	<u>111,029</u>	<u>51,403</u>	<u>43,224</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 743,427</u>	<u>\$ 425,355</u>	<u>\$ 28,001</u>	<u>\$ 134,089</u>	<u>\$ 83,763</u>	<u>\$ 379,613</u>	<u>\$ 1,600,000</u>	<u>\$ 1</u>

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

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Transportation Trips ECA	Welfare Activities
Cash and investments - beginning	\$ -	\$ 82,963	\$ 87,091	\$ -	\$ 723	\$ 2,007	\$ (3,848)	\$ -
Receipts:								
Local sources	-	152,285	60,755	-	-	-	16,312	-
Intermediate sources	-	-	-	-	131	-	-	-
State sources	-	3,430	43,092	-	-	6,750	-	-
Federal sources	-	313,497	-	-	-	-	-	-
Other receipts	-	350	-	-	-	-	-	-
Total receipts	-	469,562	103,847	-	131	6,750	16,312	-
Disbursements:								
Instruction	-	-	-	-	854	2,138	-	-
Support services	-	587	90,626	-	-	-	15,839	-
Noninstructional services	-	480,255	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	480,842	90,626	-	854	2,138	15,839	-
Excess (deficiency) of receipts over disbursements	-	(11,280)	13,221	-	(723)	4,612	473	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	3,375	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	3,375	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(11,280)	13,221	-	(723)	4,612	3,848	-
Cash and investments - ending	\$ -	\$ 71,683	\$ 100,312	\$ -	\$ -	\$ 6,619	\$ -	\$ -

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

	Scholarships and Awards	Wellness Program	LMS Read-A-Thon	High Ability Grants 2012-2013	High Ability Grants 2013-2014	High Ability Grants 2014-2015	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 1,626	\$ 2,439	\$ 89	\$ 12,693	\$ -	\$ -	\$ 1,551	\$ -
Receipts:								
Local sources	19,919	-	75	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	28,719	-	7,561	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	19,919	-	75	-	28,719	-	7,561	-
Disbursements:								
Instruction	3,497	-	-	12,693	26,666	-	-	-
Support services	99	2,025	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,596	2,025	-	12,693	26,666	-	-	-
Excess (deficiency) of receipts over disbursements	16,323	(2,025)	75	(12,693)	2,053	-	7,561	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(8,920)	-
Total other financing sources (uses)	-	-	-	-	-	-	(8,920)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,323	(2,025)	75	(12,693)	2,053	-	(1,359)	-
Cash and investments - ending	\$ 17,949	\$ 414	\$ 164	\$ -	\$ 2,053	\$ -	\$ 192	\$ -

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

	School Technology	Miscellaneous Programs	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Medicaid Reimbursement Federal	Title IIA FY2011	Title IIA FY2013
Cash and investments - beginning	\$ 1,011	\$ -	\$ 9,838	\$ -	\$ -	\$ 7,406	\$ -	\$ -
Receipts:								
Local sources	-	3,482	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,617	-	-	-	-	-	-	-
Federal sources	-	-	-	223,992	-	13,894	4,205	27,259
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>3,617</u>	<u>3,482</u>	<u>-</u>	<u>223,992</u>	<u>-</u>	<u>13,894</u>	<u>4,205</u>	<u>27,259</u>
Disbursements:								
Instruction	-	-	9,838	236,681	-	15,137	-	-
Support services	3,621	-	-	-	-	1,704	4,205	16,487
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>3,621</u>	<u>-</u>	<u>9,838</u>	<u>236,681</u>	<u>-</u>	<u>16,841</u>	<u>4,205</u>	<u>16,487</u>
Excess (deficiency) of receipts over disbursements	<u>(4)</u>	<u>3,482</u>	<u>(9,838)</u>	<u>(12,689)</u>	<u>-</u>	<u>(2,947)</u>	<u>-</u>	<u>10,772</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	10,772	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(10,772)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,772)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4)</u>	<u>3,482</u>	<u>(9,838)</u>	<u>(1,917)</u>	<u>-</u>	<u>(2,947)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,007</u>	<u>\$ 3,482</u>	<u>\$ -</u>	<u>\$ (1,917)</u>	<u>\$ -</u>	<u>\$ 4,459</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title IIA FY2014	Rural Schools and Low Income Program - Pass Through State	Retirement/ Severance Clearing	Construction Clearing	Payroll Withholdings	Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 163,248	\$ -	\$ 5,002	\$ (1,013)	\$ 3,988,292
Receipts:							
Local sources	-	-	-	-	-	-	2,385,624
Intermediate sources	-	-	-	-	-	-	166
State sources	-	-	-	-	-	-	6,717,463
Federal sources	-	1,615	-	-	-	-	584,462
Other receipts	-	-	-	-	1,948,096	6,454	1,981,562
Total receipts	-	1,615	-	-	1,948,096	6,454	11,669,277
Disbursements:							
Instruction	-	-	-	-	-	-	4,676,632
Support services	-	1,615	-	-	-	-	3,518,025
Noninstructional services	-	-	-	-	-	-	692,883
Facilities acquisition and construction	-	-	-	-	-	-	139,535
Debt service	-	-	-	-	-	-	911,117
Nonprogrammed charges	-	-	5,123	-	1,946,752	6,876	1,958,751
Total disbursements	-	1,615	5,123	-	1,946,752	6,876	11,896,943
Excess (deficiency) of receipts over disbursements	-	-	(5,123)	-	1,344	(422)	(227,666)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	3,076
Transfers in	-	-	-	-	-	-	49,951
Transfers out	-	-	-	-	-	-	(49,951)
Total other financing sources (uses)	-	-	-	-	-	-	3,076
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(5,123)	-	1,344	(422)	(224,590)
Cash and investments - ending	\$ -	\$ -	\$ 158,125	\$ -	\$ 6,346	\$ (1,435)	\$ 3,763,702

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

	General	Debt Service	Retirement/ Severance/ Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 743,427	\$ 425,355	\$ 28,001	\$ 134,089	\$ 83,763	\$ 379,613	\$ 1,600,000	\$ 1
Receipts:								
Local sources	100,711	856,642	69,596	630,188	368,220	100,416	-	394
Intermediate sources	26	-	-	-	-	-	-	-
State sources	6,451,226	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	100	-	-	-	16,660	-	-	-
Total receipts	<u>6,552,063</u>	<u>856,642</u>	<u>69,596</u>	<u>630,188</u>	<u>384,880</u>	<u>100,416</u>	<u>-</u>	<u>394</u>
Disbursements:								
Instruction	4,291,548	-	-	-	-	-	-	-
Support services	2,328,591	1,343	-	641,159	380,094	93,552	-	-
Noninstructional services	235,501	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	92,029	-	-	-	-
Debt service	-	831,171	66,673	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>6,855,640</u>	<u>832,514</u>	<u>66,673</u>	<u>733,188</u>	<u>380,094</u>	<u>93,552</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(303,577)</u>	<u>24,128</u>	<u>2,923</u>	<u>(103,000)</u>	<u>4,786</u>	<u>6,864</u>	<u>-</u>	<u>394</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	8,598	-	-	28,422	16,543	4,463	250,000	-
Transfers out	-	(45,595)	(3,833)	-	-	(250,000)	-	-
Total other financing sources (uses)	<u>8,598</u>	<u>(45,595)</u>	<u>(3,833)</u>	<u>28,422</u>	<u>16,543</u>	<u>(245,537)</u>	<u>250,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(294,979)</u>	<u>(21,467)</u>	<u>(910)</u>	<u>(74,578)</u>	<u>21,329</u>	<u>(238,673)</u>	<u>250,000</u>	<u>394</u>
Cash and investments - ending	<u>\$ 448,448</u>	<u>\$ 403,888</u>	<u>\$ 27,091</u>	<u>\$ 59,511</u>	<u>\$ 105,092</u>	<u>\$ 140,940</u>	<u>\$ 1,850,000</u>	<u>\$ 395</u>

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

	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Transportation Trips ECA	Welfare Activities
Cash and investments - beginning	\$ -	\$ 71,683	\$ 100,312	\$ -	\$ -	\$ 6,619	\$ -	\$ -
Receipts:								
Local sources	1,591	153,032	62,041	356	-	-	17,975	870
Intermediate sources	-	-	-	-	113	-	-	-
State sources	-	3,496	41,331	-	-	6,700	-	-
Federal sources	-	305,184	-	-	-	-	-	-
Other receipts	-	350	-	-	-	-	-	-
Total receipts	<u>1,591</u>	<u>462,062</u>	<u>103,372</u>	<u>356</u>	<u>113</u>	<u>6,700</u>	<u>17,975</u>	<u>870</u>
Disbursements:								
Instruction	-	-	-	-	-	13,082	-	-
Support services	-	350	152,131	-	-	-	17,975	-
Noninstructional services	-	511,416	-	-	-	-	-	-
Facilities acquisition and construction	105,262	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>105,262</u>	<u>511,766</u>	<u>152,131</u>	<u>-</u>	<u>-</u>	<u>13,082</u>	<u>17,975</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(103,671)</u>	<u>(49,704)</u>	<u>(48,759)</u>	<u>356</u>	<u>113</u>	<u>(6,382)</u>	<u>-</u>	<u>870</u>
Other financing sources (uses):								
Proceeds of long-term debt	1,948,000	-	-	-	-	-	-	-
Transfers in	105,262	-	-	-	-	-	-	-
Transfers out	<u>(1,948,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>105,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,591</u>	<u>(49,704)</u>	<u>(48,759)</u>	<u>356</u>	<u>113</u>	<u>(6,382)</u>	<u>-</u>	<u>870</u>
Cash and investments - ending	<u>\$ 1,591</u>	<u>\$ 21,979</u>	<u>\$ 51,553</u>	<u>\$ 356</u>	<u>\$ 113</u>	<u>\$ 237</u>	<u>\$ -</u>	<u>\$ 870</u>

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

	Scholarships and Awards	Wellness Program	LMS Read-A-Thon	High Ability Grants 2012-2013	High Ability Grants 2013-2014	High Ability Grants 2014-2015	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 17,949	\$ 414	\$ 164	\$ -	\$ 2,053	\$ -	\$ 192	\$ -
Receipts:								
Local sources	1,963	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	28,325	8,406	62,040
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	1,963	-	-	-	-	28,325	8,406	62,040
Disbursements:								
Instruction	18,208	-	164	-	2,053	28,325	-	-
Support services	-	414	-	-	-	-	-	62,040
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	18,208	414	164	-	2,053	28,325	-	62,040
Excess (deficiency) of receipts over disbursements	(16,245)	(414)	(164)	-	(2,053)	-	8,406	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(8,598)	-
Total other financing sources (uses)	-	-	-	-	-	-	(8,598)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,245)	(414)	(164)	-	(2,053)	-	(192)	-
Cash and investments - ending	\$ 1,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	School Technology	Miscellaneous Programs	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Medicaid Reimbursement Federal	Title IIA FY2011	Title IIA FY2013
Cash and investments - beginning	\$ 1,007	\$ 3,482	\$ -	\$ (1,917)	\$ -	\$ 4,459	\$ -	\$ -
Receipts:								
Local sources	-	8,503	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,669	-	-	-	-	-	-	-
Federal sources	-	-	-	1	221,614	15,362	-	17,697
Other receipts	-	-	-	-	-	-	-	-
Total receipts	3,669	8,503	-	1	221,614	15,362	-	17,697
Disbursements:								
Instruction	-	-	-	15,775	228,212	10,164	-	-
Support services	3,617	11,985	-	-	-	1,613	-	6
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,617	11,985	-	15,775	228,212	11,777	-	6
Excess (deficiency) of receipts over disbursements	52	(3,482)	-	(15,774)	(6,598)	3,585	-	17,691
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	17,691	4,402	-	-	-
Transfers out	-	-	-	-	-	-	-	(17,691)
Total other financing sources (uses)	-	-	-	17,691	4,402	-	-	(17,691)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	52	(3,482)	-	1,917	(2,196)	3,585	-	-
Cash and investments - ending	\$ 1,059	\$ -	\$ -	\$ -	\$ (2,196)	\$ 8,044	\$ -	\$ -

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

	Title IIA FY2014	Rural Schools and Low Income Program - Pass Through State	Retirement/ Severance Clearing	Construction Clearing	Payroll Withholdings	Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 158,125	\$ -	\$ 6,346	\$ (1,435)	\$ 3,763,702
Receipts:							
Local sources	-	-	-	-	-	-	2,372,498
Intermediate sources	-	-	-	-	-	-	139
State sources	-	-	-	-	-	-	6,605,193
Federal sources	23,282	16,447	-	-	-	-	599,587
Other receipts	-	-	-	-	1,851,936	5,275	1,874,321
Total receipts	<u>23,282</u>	<u>16,447</u>	<u>-</u>	<u>-</u>	<u>1,851,936</u>	<u>5,275</u>	<u>11,451,738</u>
Disbursements:							
Instruction	-	-	-	-	-	-	4,607,531
Support services	18,880	16,447	-	-	-	-	3,730,197
Noninstructional services	-	-	-	-	-	-	746,917
Facilities acquisition and construction	-	-	-	-	-	-	197,291
Debt service	-	-	-	-	-	-	897,844
Nonprogrammed charges	-	-	-	-	1,849,580	5,771	1,855,351
Total disbursements	<u>18,880</u>	<u>16,447</u>	<u>-</u>	<u>-</u>	<u>1,849,580</u>	<u>5,771</u>	<u>12,035,131</u>
Excess (deficiency) of receipts over disbursements	<u>4,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,356</u>	<u>(496)</u>	<u>(583,393)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	1,948,000
Transfers in	-	-	-	1,948,000	-	-	2,383,381
Transfers out	(4,402)	-	-	(63,008)	-	-	(2,341,127)
Total other financing sources (uses)	<u>(4,402)</u>	<u>-</u>	<u>-</u>	<u>1,884,992</u>	<u>-</u>	<u>-</u>	<u>1,990,254</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,884,992</u>	<u>2,356</u>	<u>(496)</u>	<u>1,406,861</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,125</u>	<u>\$ 1,884,992</u>	<u>\$ 8,702</u>	<u>\$ (1,931)</u>	<u>\$ 5,170,563</u>

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WESTERN WAYNE SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 525,170</u>	<u>\$ -</u>

WESTERN WAYNE SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Western Wayne School Building Corporation	Financing of the renovation of and improvements to a portion of Lincoln Middle School/High School	\$ 102,792	6/30/2011	12/31/2024
Total of annual lease payments		<u>\$ 102,792</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Financing of the renovation of and improvements to a portion of Lincoln Middle School/High School	\$ 175,000	\$ 178,250
General obligation bonds	To finance payment of outstanding pension obligations	270,000	69,093
Notes and loans payable	Common School Loans	<u>1,147,337</u>	<u>639,873</u>
Total governmental activities		<u>1,592,337</u>	<u>887,216</u>
Totals		<u>\$ 1,592,337</u>	<u>\$ 887,216</u>

WESTERN WAYNE SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 373,062
Buildings	18,721,007
Improvements other than buildings	1,454,453
Machinery, equipment, and vehicles	<u>3,440,865</u>
Total governmental activities	<u>23,989,387</u>
Total capital assets	<u><u>\$ 23,989,387</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE WESTERN WAYNE SCHOOLS, WAYNE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Western Wayne Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

Other Matters

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

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

Report on Internal Control over Compliance

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


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, and 2015-008 to be material weaknesses.

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

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

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 21, 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.

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WESTERN WAYNE SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2014 and 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2014	\$ -	\$ 73,910	\$ -	\$ -
School Breakfast Program			FY 2015	-	-	-	72,642
Total - School Breakfast Program				-	73,910	-	72,642
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2014	-	239,587	-	-
National School Lunch Program			FY 2015	-	-	-	232,542
Commodities			FY 2014	-	32,472	-	-
Commodities			FY 2015	-	-	-	31,199
Total - National School Lunch Program				-	272,058	-	263,741
Total - Child Nutrition Cluster				-	345,968	-	336,383
Total - Department of Agriculture				-	345,968	-	336,383
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
FY12 Federal Part B 611 Grant	Indiana Department of Education	84.027	14212-013-PN01	-	20,611	-	-
FY13 Federal Part B 611 Grant			14213-013-PN01	-	200,518	-	21,266
FY14 Federal Part B 611 Grant			14214-013-PN01	-	66,978	-	226,684
FY15 Federal Part B 611 Grant			14215-013-PN01	-	-	-	73,578
FY14 Technical Assistance Grant Part B			99914-013-PN01	-	2,363	-	3,256
Total - Special Education_Grants to States				-	290,469	-	324,783
Special Education_Preschool Grants							
FY 2013 Federal Part B 619 Grant	Indiana Department of Education	84.173	45713-013-PN01	-	11,664	-	80
FY 2014 Federal Part B 619 Grant			45714-013-PN01	-	11,388	-	-
FY 2015 Federal Part B 619 Grant			45715-013-PN01	-	-	-	9,767
Total - Special Education_Preschool Grants				-	23,052	-	9,848
Total - Special Education Cluster (IDEA)				-	313,521	-	334,631
Title I Grants to Local Educational Agencies							
Title I 2013-14	Indiana Department of Education	84.010	14-8355	-	234,765	-	17,691
Title I 2014-15			15-8355	-	-	-	226,016
Total - Title I Grants to Local Educational Agencies				-	234,765	-	243,707
Improving Teacher Quality State Grants							
Title IIA FFY 2011 Improving Teacher Quality	Indiana Department of Education	84.367	FFY2011	-	4,205	-	-
Title IIA FFY 2013 Improving Teacher Quality			FFY2013	-	16,487	-	6
Title IIA FFY 2014 Improving Teacher Quality			FFY2014	-	-	-	18,880
Total - Improving Teacher Quality State Grants				-	20,692	-	18,886
Rural Education							
Rural and Low Income Program	Indiana Department of Education	84.358	7000S358B130014	-	1,615	-	16,447
Total - Rural Education				-	1,615	-	16,447
Total - Department of Education				-	570,593	-	613,671
Total federal awards expended				\$ -	\$ 916,561	\$ -	\$ 950,054

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

WESTERN WAYNE SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

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

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

Context

The lack of internal controls over Financial Transactions and Reporting was a systemic problem, which occurred throughout the audit period.

Criteria

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

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

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

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

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to establish and properly implement an effective system of internal controls could have enabled noncompliance related to receipts and could have enabled material misstatements or irregularities to occur and remain undetected.

Recommendation

We recommended that the School Corporation's management establish and implement an effective system of internal controls, including segregation of duties, related to receipts.

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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

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

Condition

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

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

Context

The SEFA presented for audit contained the following errors:

2013-2014 School Year Expenditures:

1. Child Nutrition Cluster commodities were understated by \$32,472.
2. The Improving Teacher Quality State Grants was overstated by \$10,772.
3. The Special Education Cluster (IDEA) was understated by \$313,521.

2014-2015 School Year Expenditures:

1. Child Nutrition Cluster commodities were understated by \$31,199.
2. The Improving Teacher Quality State Grants was overstated by \$22,093.
3. The Special Education Cluster (IDEA) was understated by \$17,914.

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

Criteria

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

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

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

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

WESTERN WAYNE SCHOOL CORPORATION
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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2013-1.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

The Food Service Director performed the verifications of free and reduced price meal applications and made the determination of whether or not a change in eligibility was necessary without a proper system of oversight or review.

Context

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

Criteria

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

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

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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: Child Nutrition Cluster - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Condition

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

The School Corporation had not implemented an internal controls system which included a verification to determine if cash resources exceeded three months average expenditures and another individual reviewing the verifications.

Context

The lack of internal controls was a systemic problem, occurring throughout the audit period.

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

Criteria

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

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

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-005

Subject: Child Nutrition Cluster - Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015
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 requirements related to the grant agreement and the Suspension and Debarment compliance requirement.

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

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 was a systemic problem, which occurred throughout the audit period.

Criteria

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

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

2 CFR 180.300 states:

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

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

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2015-006

Subject: Title I Grants to Local Educational Agencies - Cash Management and Period of Availability
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): 14-8355, 15-8355
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Period of Availability
Audit Finding: Material Weakness

Condition

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

Cash Management

The Treasurer submitted reimbursement requests without oversight or approval by another individual, or any other internal control process in place to ensure requests for reimbursement were accurate.

Period of Availability

The School Corporation had not established controls to ensure federal funds were obligated within the Period of Availability. Proper oversight was not performed to ensure transactions occurred during the period of availability.

Context

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

Criteria

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

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

Cause

The School Corporation had not developed a system of internal controls that segregated key functions that would have ensured compliance with the Cash Management and Period of Availability compliance requirements.

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-007

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 14-8355, 15-8355
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement.

During the audit period, the School Corporation could not provide evidence that two paraprofessionals were highly qualified.

Context

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

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

Criteria

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

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

34 CFR 200.58 states in part:

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

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

- (1) Completed at least two years of study at an institution of higher education;
- (2) Obtained an associate's or higher degree; or
- (3)
 - (i) Met a rigorous standard of quality, and can demonstrate—through a formal State or local academic assessment—knowledge of, and the ability to assist in instructing, as appropriate—
 - (A) Reading/language arts, writing, and mathematics; or
 - (B) Reading readiness, writing readiness, and mathematics readiness.
 - (ii) A secondary school diploma or its recognized equivalent is necessary, but not sufficient, to meet the requirement in paragraph (c)(3)(i) of this section.

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

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to occur. Noncompliance with the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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: 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): 14-8355, 15-8355
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation did not maintain the appropriate Semi-Annual Certifications or Personnel Activity Reports for employees who worked on the Federal award.

Context

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

During the audit period:

1. Two employees whose salaries were not charged solely to the Title I fund did not complete the required Personnel Activity Reports.
2. One employee whose salary was charged solely to the Title I fund did not complete the required Semi-Annual Certification.
3. One employee whose salary was charged solely to the Title I fund lacked a Semi-Annual Certification for one reporting period.

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

Criteria

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

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

OMB 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 had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to occur. Noncompliance with the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

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

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.

DR. ROBERT MAHON
Superintendent
GEORGE PHILHOWER
Assistant Superintendent



PEGGY HUESMAN
Treasurer
CHERI BILLS
Deputy Treasurer - Payroll

WESTERN WAYNE SCHOOLS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-1-INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT OF THE CHILD NUTRITION CLUSTER

Fiscal year in which the finding initially occurred: FY 2012
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Dr. Robert D. Mahon
Contact Phone Number: 765-478-5375


Status of Audit Finding:

Free and reduced lunch applications are approved by the Cafeteria Manager and reviewed by the Building Administrators. Verification of free and reduced lunch applications are done by the Cafeteria Manager and approved by the Superintendent.

The Monthly reimbursement claims are completed by the Cafeteria Manager and reviewed by the Treasurer.



(Signature)



(Title)



(Date)

DR. ROBERT MAHON
Superintendent
GEORGE PHILHOWER
Assistant Superintendent



PEGGY HUESMAN
Treasurer
CHERI BILLS
Deputy Treasurer - Payroll

WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2015-001

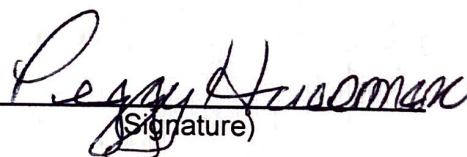
Contact Person Responsible for Corrective Action: Peggy Huesman
Contact Phone Number: 765-478-5375

Views of responsible official: We concur with the finding.

Description of Corrective Action Plan:

Western Wayne School Corporation is aware of the risks associated with a limited staff and has determined the benefits of hiring additional staff in order that all accounting functions are performed by different individuals are not sufficient to justify the increase in personnel cost to the taxpayers of Western Wayne School Corporation. We will use current employees and implement steps to reduce risk. The Treasurer receipts the money and completes the deposit slip, the Deputy Treasurer or Superintendent will review and sign each deposit slip. In the event of an absence and there is only one person on site, we will attempt to have someone in the corporation who is bonded to come in, review and sign the deposit slip.

Anticipated Completion Date: April 1, 2018



(Signature)

Treasurer
(Title)

03/21/2018

DR. ROBERT MAHON
Superintendent
GEORGE PHILHOWER
Assistant Superintendent



PEGGY HUESMAN
Treasurer
CHERI BILLS
Deputy Treasurer - Payroll

WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Peggy Huesman
Contact Phone Number: 765-478-5375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

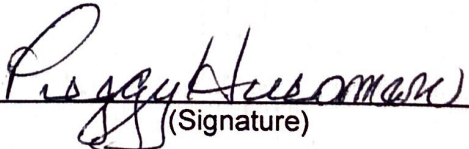
Now that we have been made aware that the Child Nutrition Cluster commodities are to be added to the Annual Financial Report on Gateway they will be added. Commodity totals have been added to the 2015-2016 and 2016-2017 AFR on Gateway.

We will not include the Title II transfer money in the Title I grant on the Annual Financial Report on Gateway. We will attempt to remove the transfer amounts from the Title I totals on the AFR on Gateway for 2015-2016 and 2016-2017.

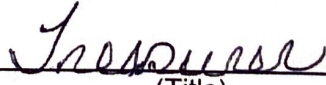
The Superintendent will review the information for the SEFA (Gateway AFR) before the Treasurer submits it.

ECISS will provide the financial information from the Special Education Grant to Western Wayne Schools, the Superintendent and Treasurer will review it and the Treasurer will include it on the Gateway AFR report.

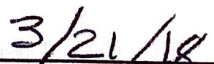
Anticipated Completion Date: July 1, 2018



(Signature)



(Title)



DR. ROBERT MAHON
Superintendent
GEORGE PHILHOWER
Assistant Superintendent



PEGGY HUESMAN
Treasurer
CHERI BILLS
Deputy Treasurer - Payroll

WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Betty Huddleston
Contact Phone Number: 765-478-5916

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Free and reduced lunch applications will be approved by the cafeteria manager and reviewed by a building administrator. Verification of free and reduced lunch applications are done by the Cafeteria Manager and approved by the Superintendent or the Asst. Superintendent.

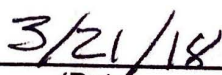
Anticipated Completion Date: July 1, 2018



(Signature)



(Title)



(Date)



WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

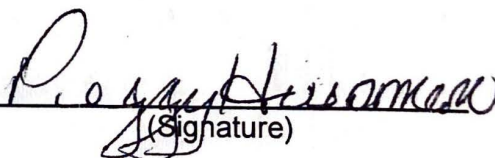
FINDING 2015-004

Contact Person Responsible for Corrective Action: Peggy Huesman
Contact Phone Number: 765-478-5375

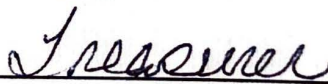
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Now that we have been made aware, the Treasurer and Cafeteria Director will look at 3 months of cafeteria revenue and 3 months of cafeteria expenditures to see if cash resources exceed three months average expenditures. If there is a balance we will use those funds to repair and replace cafeteria equipment. Currently, once a month the Treasurer emails the Cafeteria Director a revenue and budget history along with the fund balance after balancing the previous month so the Cafeteria Director knows her balances and we will continue to do this as well.

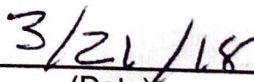
Anticipated Completion Date: July 1, 2018



(Signature)



(Title)



(Date)

DR. ROBERT MAHON
Superintendent
GEORGE PHILHOWER
Assistant Superintendent



PEGGY HUESMAN
Treasurer
CHERI BILLS
Deputy Treasurer - Payroll

WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2015-005

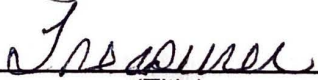
Contact Person Responsible for Corrective Action: Betty Huddleston
Contact Phone Number: 765-478-5375

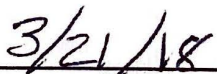
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Now that we have been made aware, each January the cafeteria director will check the SAMS website to make sure that our vendor's have not been suspended or disbarred. She has already done this for our current vendors.

Anticipated Completion Date: July 1, 2018



(Signature)


(Title)


(Date)



WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Peggy Huesman
Contact Phone Number: 765-478-5375

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Title I Director was aware of the expenditures and requests for reimbursement of the Title I grant, however, there was no signature as proof that the documents were reviewed. Forthwith; when the Treasurer submits electronically the request for reimbursement or final report for Title I the grant administrator will sign the email verification that is generated as proof.

Anticipated Completion Date: July 1, 2018

Peggy Huesman
(Signature)
Treasurer
(Title)
3/21/18
(Date)

DR. ROBERT MAHON
Superintendent
GEORGE PHILHOWER
Assistant Superintendent



PEGGY HUESMAN
Treasurer
CHERI BILLS
Deputy Treasurer - Payroll

WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2015-007

Contact Person Responsible for Corrective Action: George Philhower
Contact Phone Number: 765-478-5375

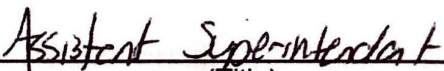
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: All aides paid through the Title I grant who have not completed at least 2 years of study at an institution of higher education or have an associate's degree will be required to take the ParaPro Assessment test.

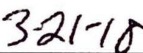
Anticipated Completion Date: 8/1/2018



(Signature)



(Title)



(Date)

DR. ROBERT MAHON
Superintendent
GEORGE PHILHOWER
Assistant Superintendent



PEGGY HUESMAN
Treasurer
CHERI BILLS
Deputy Treasurer - Payroll

WESTERN WAYNE SCHOOLS

CORRECTIVE ACTION PLAN

FINDING 2015-008

Contact Person Responsible for Corrective Action: George Philhower

Contact Phone Number: 765-478-5375

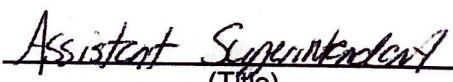
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Administrator's will maintain Semi-Annual Certification Reports on individuals whose salary is charged solely to the Title I fund and Personal Activity Reports on any individuals whose salary is not charged solely to the Title I fund. These documents will be filed in the grant folder.

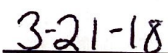
Anticipated Completion Date: July 1, 2018



(Signature)



(Title)



(Date)

OTHER REPORTS

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