

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WA-NEE COMMUNITY SCHOOLS
ELKHART COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
06/29/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Roger B. Zentz Randi Libby	07-01-14 to 05-31-17 06-01-17 to 06-30-18
Superintendent of Schools	Joseph M. Sabo Scot Croner	07-01-14 to 06-30-17 07-01-17 to 06-30-18
President of the School Board	Eric Brown Don Lehman	01-01-14 to 12-31-15 01-01-16 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Wa-Nee Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

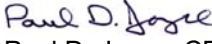
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 24, 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

May 24, 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 WA-NEE COMMUNITY SCHOOLS, ELKHART 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 Wa-Nee Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated May 24, 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

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

Compliance and Other Matters

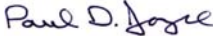
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

Wa-Nee Community 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

May 24, 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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WA-NEE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 4,002,432	\$ 19,120,798	\$ 19,083,904	\$ -	\$ 4,039,326	\$ 18,961,926	\$ 19,630,589	\$ -	\$ 3,370,663
Debt Service	1,315,609	4,829,470	4,728,552	6,604	1,423,131	4,615,888	4,715,393	75,102	1,398,728
Retirement/Severance Bond Debt Service	45,567	309,988	276,392	-	79,163	298,727	276,375	-	101,515
Capital Projects	3,915,877	2,711,473	2,482,426	27,068	4,171,992	2,747,376	2,628,302	3	4,291,069
School Transportation	1,199,811	2,060,049	1,741,345	4,077	1,522,592	2,166,969	1,741,236	(192,239)	1,756,086
School Bus Replacement	374,239	360,863	374,535	1,000	361,567	380,643	819,340	4,000	(73,130)
Rainy Day	2,450,139	-	-	-	2,450,139	85,810	-	200,000	2,735,949
Retirement/Severance Bond	15,494	27	7,898	-	7,623	8	6,587	-	1,044
Construction	83,972	-	-	-	83,972	-	-	(83,972)	-
Construction Project #1	4,849	-	4,849	-	-	-	-	-	-
Construction Project #2	230,783	-	230,783	-	-	-	-	-	-
Construction Project #3	-	-	956,175	2,000,000	1,043,825	-	1,043,825	-	-
Construction Project #4	-	-	-	-	-	-	497,304	1,992,800	1,495,496
School Lunch	464,866	1,325,401	1,326,868	-	463,399	1,231,880	1,501,120	-	194,159
Textbook Rental	64,914	255,731	468,036	9,734	(137,657)	269,442	279,969	8,870	(139,314)
Self-Insurance	2,446,504	2,662,375	2,847,004	-	2,261,875	3,024,089	2,797,248	-	2,488,716
Levy Excess	77	1,760	-	(77)	1,760	-	-	(1,760)	-
Educational License Plates	580	281	-	-	861	281	-	-	1,142
Alternative Education	35,535	10,050	17,630	-	27,955	9,912	21,307	-	16,560
Early Intervention Grant	(25,624)	55,071	29,447	-	-	31,499	25,907	-	5,592
Miscellaneous Programs	10,588	21	-	-	10,609	20	-	-	10,629
Gifted & Talented	15,209	38,028	43,607	-	9,630	38,298	44,319	-	3,609
Medicaid Reimbursement	2,443	4,289	5,005	-	1,727	6,839	1,849	-	6,717
Secured Schools Safety Grant	(5,011)	14,205	13,191	-	(3,997)	51,466	52,169	-	(4,700)
Non-English Speaking Programs	6,635	17,406	24,041	-	-	32,007	28,051	-	3,956
School Technology	56,037	27,148	7,730	-	75,455	21,112	14,970	-	81,597
Innovative School Improvement Grant	(401)	401	-	-	-	-	-	-	-
Senator David Ford Technology	-	134,982	148,018	-	(13,036)	28,248	15,213	-	(1)
13-14 Title I Grant	(18,137)	206,461	188,325	-	(1)	-	-	-	(1)
14-15 Title I Grant	-	444,941	478,563	-	(33,622)	283,233	249,613	-	(2)
15-16 Title I Grant	-	-	-	-	-	423,846	451,635	-	(27,789)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(4,413)	4,413	1,373	-	(1,373)	1,373	-	-	-
13-14 PL 101-476 IDEA Grant	49,503	21,400	70,903	-	-	-	-	-	-
14-15 PL 101-476 IDEA Grant	-	338,359	561,737	-	(223,378)	289,449	66,070	-	1
15-16 PL 101-476 IDEA Grant	-	-	-	-	-	260,675	571,570	-	(310,895)
Medicaid Reimbursement - Federal	23,004	7,828	2,835	-	27,997	12,481	5,629	-	34,849
Improving Teacher Quality, No Child Left, Title II, Part A	(10,014)	154,236	150,925	-	(6,703)	99,261	107,526	-	(14,968)
Title III - English Proficiency Migrant	(3,311)	31,566	42,457	-	(14,202)	32,933	22,722	-	(3,991)
Prepaid Accounts	-	-	-	-	-	34,451	-	-	34,451
Payroll	24,870	4,565,196	4,565,844	-	24,222	4,630,626	4,624,071	-	30,777
Totals	\$ 16,772,626	\$ 39,714,217	\$ 40,880,398	\$ 2,048,406	\$ 17,654,851	\$ 40,070,768	\$ 42,239,909	\$ 2,002,804	\$ 17,488,514

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

WA-NEE COMMUNITY 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.

WA-NEE COMMUNITY 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.

WA-NEE COMMUNITY 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.

WA-NEE COMMUNITY 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.

WA-NEE COMMUNITY 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. Most of the deficits in cash were a result of the funds being set up as reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016. In addition, the School Bus Replacement and Textbook Rental funds had negative ending cash balances. The School Bus Replacement fund cash deficit is due to purchases being made within the first six months of the period prior to receiving settlement, allocations, and student fees. The Textbook Rental fund cash deficit is due to textbooks being purchased in one adoption year and then fees collected through student collections, Department of Education state allocations, and levy for uncollected textbook fees in the Debt Service fund. This fund is always collected in arrears as part of the fee calculation spread out over four to six years.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into a capital leases with Wa-Nee Middle School Building Corporation and Wa-Nee Community School Building Corporation (the lessors). The lessors were 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 lessors have been determined to be a related-parties of the School Corporation. Lease payments during the years ended June 30, 2015 and 2016, totaled \$2,578,000 and \$2,577,500, respectively.

Note 9. *Subsequent Events*

The School Board entered into two new capital leases with Wa-Nee Community School Building Corporation (the lessor). The 2016 lease began on October 18, 2016, in the amount of \$22,000,000 and the 2017 lease began March 28, 2017, in the amount of \$7,500,000.

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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.

WA-NEE COMMUNITY 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	Construction
Cash and investments - beginning	\$ 4,002,432	\$ 1,315,609	\$ 45,567	\$ 3,915,877	\$ 1,199,811	\$ 374,239	\$ 2,450,139	\$ 15,494	\$ 83,972
Receipts:									
Local sources	341,285	4,829,470	309,988	2,711,473	2,046,745	360,863	-	27	-
Intermediate sources	631	-	-	-	-	-	-	-	-
State sources	18,753,374	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	25,508	-	-	-	13,304	-	-	-	-
Total receipts	19,120,798	4,829,470	309,988	2,711,473	2,060,049	360,863	-	27	-
Disbursements:									
Instruction	13,794,918	-	-	-	-	-	-	1,311	-
Support services	4,941,196	-	-	1,369,367	1,741,345	374,535	-	6,587	-
Noninstructional services	347,790	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,113,059	-	-	-	-	-
Debt service	-	4,728,552	276,392	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	19,083,904	4,728,552	276,392	2,482,426	1,741,345	374,535	-	7,898	-
Excess (deficiency) of receipts over disbursements	36,894	100,918	33,596	229,047	318,704	(13,672)	-	(7,871)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	16,338	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	27,068	4,000	1,000	-	-	-
Transfers in	-	-	-	-	77	-	-	-	-
Transfers out	-	(9,734)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	6,604	-	27,068	4,077	1,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	36,894	107,522	33,596	256,115	322,781	(12,672)	-	(7,871)	-
Cash and investments - ending	\$ 4,039,326	\$ 1,423,131	\$ 79,163	\$ 4,171,992	\$ 1,522,592	\$ 361,567	\$ 2,450,139	\$ 7,623	\$ 83,972

WA-NEE COMMUNITY 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 Project #1	Construction Project #2	Construction Project #3	Construction Project #4	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 4,849	\$ 230,783	\$ -	\$ -	\$ 464,866	\$ 64,914	\$ 2,446,504	\$ 77
Receipts:								
Local sources	-	-	-	-	710,125	175,077	2,662,375	1,760
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	19,947	80,654	-	-
Federal sources	-	-	-	-	595,138	-	-	-
Other receipts	-	-	-	-	191	-	-	-
Total receipts	-	-	-	-	1,325,401	255,731	2,662,375	1,760
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	428	468,036	51,429	-
Noninstructional services	-	-	-	-	1,326,440	-	-	-
Facilities acquisition and construction	4,849	230,783	956,175	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	2,795,575	-
Total disbursements	4,849	230,783	956,175	-	1,326,868	468,036	2,847,004	-
Excess (deficiency) of receipts over disbursements	(4,849)	(230,783)	(956,175)	-	(1,467)	(212,305)	(184,629)	1,760
Other financing sources (uses):								
Proceeds of long-term debt	-	-	1,980,000	-	-	-	-	-
Sale of capital assets	-	-	20,000	-	-	-	-	-
Transfers in	-	-	-	-	-	9,734	-	-
Transfers out	-	-	-	-	-	-	-	(77)
Total other financing sources (uses)	-	-	2,000,000	-	-	9,734	-	(77)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,849)	(230,783)	1,043,825	-	(1,467)	(202,571)	(184,629)	1,683
Cash and investments - ending	\$ -	\$ -	\$ 1,043,825	\$ -	\$ 463,399	\$ (137,657)	\$ 2,261,875	\$ 1,760

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

	Educational License Plates	Alternative Education	Early Intervention Grant	Miscellaneous Programs	Gifted & Talented	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 580	\$ 35,535	\$ (25,624)	\$ 10,588	\$ 15,209	\$ 2,443	\$ (5,011)	\$ 6,635
Receipts:								
Local sources	-	-	-	21	-	-	-	-
Intermediate sources	281	-	-	-	-	-	-	-
State sources	-	10,050	55,071	-	38,028	4,289	14,205	17,406
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	281	10,050	55,071	21	38,028	4,289	14,205	17,406
Disbursements:								
Instruction	-	6,085	-	-	43,607	-	-	24,041
Support services	-	-	29,447	-	-	5,005	7,366	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	11,545	-	-	-	-	5,825	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	17,630	29,447	-	43,607	5,005	13,191	24,041
Excess (deficiency) of receipts over disbursements	281	(7,580)	25,624	21	(5,579)	(716)	1,014	(6,635)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	281	(7,580)	25,624	21	(5,579)	(716)	1,014	(6,635)
Cash and investments - ending	\$ 861	\$ 27,955	\$ -	\$ 10,609	\$ 9,630	\$ 1,727	\$ (3,997)	\$ -

WA-NEE COMMUNITY 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	Innovative School Improvement Grant	Senator David Ford Technology	13-14 Title I Grant	14-15 Title I Grant	15-16 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	13-14 PL 101-476 IDEA Grant
Cash and investments - beginning	\$ 56,037	\$ (401)	\$ -	\$ (18,137)	\$ -	\$ -	\$ (4,413)	\$ 49,503
Receipts:								
Local sources	19,129	-	-	-	99	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,019	401	134,982	-	-	-	-	-
Federal sources	-	-	-	206,461	444,842	-	4,413	21,400
Other receipts	-	-	-	-	-	-	-	-
Total receipts	27,148	401	134,982	206,461	444,941	-	4,413	21,400
Disbursements:								
Instruction	-	2,916	135,095	91,643	224,988	-	1,373	70,903
Support services	7,730	(2,916)	12,923	93,501	246,509	-	-	-
Noninstructional services	-	-	-	3,181	7,066	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	7,730	-	148,018	188,325	478,563	-	1,373	70,903
Excess (deficiency) of receipts over disbursements	19,418	401	(13,036)	18,136	(33,622)	-	3,040	(49,503)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,418	401	(13,036)	18,136	(33,622)	-	3,040	(49,503)
Cash and investments - ending	\$ 75,455	\$ -	\$ (13,036)	\$ (1)	\$ (33,622)	\$ -	\$ (1,373)	\$ -

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

	14-15 PL 101-476 IDEA Grant	15-16 PL 101-476 IDEA Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Prepaid Accounts	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 23,004	\$ (10,014)	\$ (3,311)	\$ -	\$ 24,870	\$ 16,772,626
Receipts:								
Local sources	-	-	-	-	-	-	-	14,168,437
Intermediate sources	-	-	-	-	-	-	-	912
State sources	-	-	-	-	-	-	-	19,136,426
Federal sources	338,359	-	7,828	154,236	31,566	-	-	1,804,243
Other receipts	-	-	-	-	-	-	4,565,196	4,604,199
Total receipts	338,359	-	7,828	154,236	31,566	-	4,565,196	39,714,217
Disbursements:								
Instruction	561,737	-	2,200	150,925	42,457	-	-	15,154,199
Support services	-	-	635	-	-	-	-	9,353,123
Noninstructional services	-	-	-	-	-	-	-	1,684,477
Facilities acquisition and construction	-	-	-	-	-	-	-	2,322,236
Debt service	-	-	-	-	-	-	-	5,004,944
Nonprogrammed charges	-	-	-	-	-	-	4,565,844	7,361,419
Total disbursements	561,737	-	2,835	150,925	42,457	-	4,565,844	40,880,398
Excess (deficiency) of receipts over disbursements	(223,378)	-	4,993	3,311	(10,891)	-	(648)	(1,166,181)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,996,338
Sale of capital assets	-	-	-	-	-	-	-	52,068
Transfers in	-	-	-	-	-	-	-	9,811
Transfers out	-	-	-	-	-	-	-	(9,811)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,048,406
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(223,378)	-	4,993	3,311	(10,891)	-	(648)	882,225
Cash and investments - ending	\$ (223,378)	\$ -	\$ 27,997	\$ (6,703)	\$ (14,202)	\$ -	\$ 24,222	\$ 17,654,851

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 4,039,326	\$ 1,423,131	\$ 79,163	\$ 4,171,992	\$ 1,522,592	\$ 361,567	\$ 2,450,139	\$ 7,623	\$ 83,972
Receipts:									
Local sources	400,809	4,615,888	298,727	2,727,892	2,159,527	380,643	-	8	-
Intermediate sources	251	-	-	-	-	-	-	-	-
State sources	18,539,264	-	-	-	-	-	85,810	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	21,602	-	-	19,484	7,442	-	-	-	-
Total receipts	18,961,926	4,615,888	298,727	2,747,376	2,166,969	380,643	85,810	8	-
Disbursements:									
Instruction	14,160,796	-	-	-	-	-	-	-	-
Support services	5,080,924	-	-	1,474,468	1,740,311	819,340	-	6,587	-
Noninstructional services	388,869	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,153,834	925	-	-	-	-
Debt service	-	4,715,393	276,375	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	19,630,589	4,715,393	276,375	2,628,302	1,741,236	819,340	-	6,587	-
Excess (deficiency) of receipts over disbursements	(668,663)	(99,505)	22,352	119,074	425,733	(438,697)	85,810	(6,579)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	3	6,001	4,000	-	-	-
Transfers in	-	83,972	-	-	1,760	-	200,000	-	-
Transfers out	-	(8,870)	-	-	(200,000)	-	-	-	(83,972)
Total other financing sources (uses)	-	75,102	-	3	(192,239)	4,000	200,000	-	(83,972)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(668,663)	(24,403)	22,352	119,077	233,494	(434,697)	285,810	(6,579)	(83,972)
Cash and investments - ending	\$ 3,370,663	\$ 1,398,728	\$ 101,515	\$ 4,291,069	\$ 1,756,086	\$ (73,130)	\$ 2,735,949	\$ 1,044	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Construction Project #1	Construction Project #2	Construction Project #3	Construction Project #4	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ -	\$ -	\$ 1,043,825	\$ -	\$ 463,399	\$ (137,657)	\$ 2,261,875	\$ 1,760
Receipts:								
Local sources	-	-	-	-	662,525	193,100	3,024,089	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	20,457	75,512	-	-
Federal sources	-	-	-	-	548,893	-	-	-
Other receipts	-	-	-	-	5	830	-	-
Total receipts	-	-	-	-	1,231,880	269,442	3,024,089	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	137	279,969	6,902	-
Noninstructional services	-	-	-	-	1,304,814	-	-	-
Facilities acquisition and construction	-	-	1,043,825	497,304	196,169	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	2,790,346	-
Total disbursements	-	-	1,043,825	497,304	1,501,120	279,969	2,797,248	-
Excess (deficiency) of receipts over disbursements	-	-	(1,043,825)	(497,304)	(269,240)	(10,527)	226,841	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	1,972,800	-	-	-	-
Sale of capital assets	-	-	-	20,000	-	-	-	-
Transfers in	-	-	-	-	-	8,870	13,740	-
Transfers out	-	-	-	-	-	-	(13,740)	(1,760)
Total other financing sources (uses)	-	-	-	1,992,800	-	8,870	-	(1,760)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,043,825)	1,495,496	(269,240)	(1,657)	226,841	(1,760)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,495,496	\$ 194,159	\$ (139,314)	\$ 2,488,716	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2016

	Educational License Plates	Alternative Education	Early Intervention Grant	Miscellaneous Programs	Gifted & Talented	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 861	\$ 27,955	\$ -	\$ 10,609	\$ 9,630	\$ 1,727	\$ (3,997)	\$ -
Receipts:								
Local sources	-	-	-	20	-	-	-	-
Intermediate sources	281	-	-	-	-	-	-	-
State sources	-	9,912	31,499	-	38,298	6,839	51,466	32,007
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	281	9,912	31,499	20	38,298	6,839	51,466	32,007
Disbursements:								
Instruction	-	15,780	-	-	44,319	-	-	28,051
Support services	-	-	25,907	-	-	1,849	42,361	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	5,527	-	-	-	-	9,808	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	21,307	25,907	-	44,319	1,849	52,169	28,051
Excess (deficiency) of receipts over disbursements	281	(11,395)	5,592	20	(6,021)	4,990	(703)	3,956
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	281	(11,395)	5,592	20	(6,021)	4,990	(703)	3,956
Cash and investments - ending	\$ 1,142	\$ 16,560	\$ 5,592	\$ 10,629	\$ 3,609	\$ 6,717	\$ (4,700)	\$ 3,956

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	School Technology	Innovative School Improvement Grant	Senator David Ford Technology	13-14 Title I Grant	14-15 Title I Grant	15-16 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	13-14 PL 101-476 IDEA Grant
Cash and investments - beginning	\$ 75,455	\$ -	\$ (13,036)	\$ (1)	\$ (33,622)	\$ -	\$ (1,373)	\$ -
Receipts:								
Local sources	12,388	-	-	-	(99)	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,724	-	28,248	-	-	-	-	-
Federal sources	-	-	-	-	283,332	423,846	1,373	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	21,112	-	28,248	-	283,233	423,846	1,373	-
Disbursements:								
Instruction	-	-	1,019	-	105,879	240,823	-	-
Support services	14,970	-	14,194	-	142,400	204,970	-	-
Noninstructional services	-	-	-	-	1,334	5,842	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	14,970	-	15,213	-	249,613	451,635	-	-
Excess (deficiency) of receipts over disbursements	6,142	-	13,035	-	33,620	(27,789)	1,373	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,142	-	13,035	-	33,620	(27,789)	1,373	-
Cash and investments - ending	\$ 81,597	\$ -	\$ (1)	\$ (1)	\$ (2)	\$ (27,789)	\$ -	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	14-15 PL 101-476 IDEA Grant	15-16 PL 101-476 IDEA Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Prepaid Accounts	Payroll	Totals
Cash and investments - beginning	\$ (223,378)	\$ -	\$ 27,997	\$ (6,703)	\$ (14,202)	\$ -	\$ 24,222	\$ 17,654,851
Receipts:								
Local sources	-	-	-	-	-	-	-	14,475,517
Intermediate sources	-	-	-	-	-	-	-	532
State sources	-	-	-	-	-	-	-	18,928,036
Federal sources	289,449	260,675	12,481	99,261	32,933	-	-	1,952,243
Other receipts	-	-	-	-	-	34,451	4,630,626	4,714,440
Total receipts	289,449	260,675	12,481	99,261	32,933	34,451	4,630,626	40,070,768
Disbursements:								
Instruction	66,070	571,570	4,235	107,526	22,722	-	-	15,368,790
Support services	-	-	1,394	-	-	-	-	9,856,683
Noninstructional services	-	-	-	-	-	-	-	1,700,859
Facilities acquisition and construction	-	-	-	-	-	-	-	2,907,392
Debt service	-	-	-	-	-	-	-	4,991,768
Nonprogrammed charges	-	-	-	-	-	-	4,624,071	7,414,417
Total disbursements	66,070	571,570	5,629	107,526	22,722	-	4,624,071	42,239,909
Excess (deficiency) of receipts over disbursements	223,379	(310,895)	6,852	(8,265)	10,211	34,451	6,555	(2,169,141)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,972,800
Sale of capital assets	-	-	-	-	-	-	-	30,004
Transfers in	-	-	-	-	-	-	-	308,342
Transfers out	-	-	-	-	-	-	-	(308,342)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,002,804
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	223,379	(310,895)	6,852	(8,265)	10,211	34,451	6,555	(166,337)
Cash and investments - ending	\$ 1	\$ (310,895)	\$ 34,849	\$ (14,968)	\$ (3,991)	\$ 34,451	\$ 30,777	\$ 17,488,514

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 757,506</u>	<u>\$ 162,349</u>

WA-NEE COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Wa-Nee Community School Building Corporation	Financing & Constructing of facilities	\$ 762,000	1/15/2007	1/15/2020
Wa-Nee Middle School Building Corporation	Financing & Constructing of facilities	<u>1,815,000</u>	7/15/2001	1/15/2020
Total governmental activities		<u>2,577,000</u>		
Total of annual lease payments		<u>\$ 2,577,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	SB199 pension buy-out program	\$ 414,013	\$ 275,244
General obligation bonds	QSCB for constructing and remodeling of facilities	585,000	157,573
General obligation bonds	constructing and remodeling of facilities	<u>1,225,000</u>	<u>1,231,244</u>
Total governmental activities		<u>2,224,013</u>	<u>1,664,061</u>
Totals		<u>\$ 2,224,013</u>	<u>\$ 1,664,061</u>

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WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,482,950
Buildings	58,712,102
Improvements other than buildings	2,809,509
Machinery, equipment, and vehicles	<u>10,638,761</u>
Total governmental activities	<u>73,643,322</u>
Total capital assets	<u>\$ 73,643,322</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
ROOM E418
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 WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Wa-Nee Community 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, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Special Education Cluster (IDEA)

As described in items 2016-006, 2016-007, 2016-008, 2016-009, and 2016-010 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principals, Cash Management, Period of Performance and Reporting. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Special Education Cluster (IDEA)

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Special Education Cluster (IDEA) regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principals, Cash Management, Period of Performance and Reporting described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002. 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 24, 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.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster	Indiana Department of Education						
School Breakfast Program		10.553	FY 14-15	\$ -	\$ 81,761	\$ -	\$ -
School Breakfast Program			FY 15-16	-	-	-	73,823
Total - School Breakfast Program				-	81,761	-	73,823
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15	-	513,377	-	-
National School Lunch Program			FY 15-16	-	-	-	475,070
National School Lunch Program - Commodities	Indiana Department of Education		FY 14-16	-	97,203	-	92,215
Total - National School Lunch Program				-	610,580	-	567,285
Total - Child Nutrition Cluster				-	692,341	-	641,108
Total - Department of Agriculture				-	692,341	-	641,108
<u>Department of Education</u>							
Special Education Cluster (IDEA)	Indiana Department of Education	84.027	14214-016-PN01	-	34,107	-	-
Special Education_Grants to States			14215-016-PN01	-	542,350	-	85,950
			14216-016-PN01	-	-	-	502,562
			99914-016-PN01	-	5,586	-	2,243
Total - Special Education_Grants to States				-	582,043	-	590,755
Special Education_Preschool Grants		84.173	45714-016-PN01	-	18,117	-	-
			45715-016-PN01	-	22,307	-	8,324
			45716-014-PN01	-	-	-	16,898
Total - Special Education_Preschool Grants				-	40,424	-	25,222
Total - Special Education Cluster (IDEA)				-	622,467	-	615,977
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-2285	-	206,461	-	-
			15-2285	-	444,942	-	283,233
			16-2285	-	-	-	423,846
Total - Title I Grants to Local Educational Agencies				-	651,403	-	707,079

WA-NEE COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
English Language Acquisition State Grants	Indiana Department of Education	84.365	01114-085-PN01	-	15,958	-	-
			01115-018-PN01	-	15,608	-	14,378
			01116-085-PN01	-	-	-	18,555
Total - English Language Acquisition State Grants				-	31,566	-	32,933
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 12/13	-	74,317	-	-
			FY 13/14	-	79,918	-	24,560
			FY 14/15	-	-	-	74,701
Total - Improving Teacher Quality State Grants				-	154,235	-	99,261
Total - Department of Education				-	1,459,671	-	1,455,250
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778	FY 14/15	-	7,828	-	-
Medical Assistance Program			FY 15/16	-	-	-	12,481
Total - Medical Assistance Program				-	7,828	-	12,481
Total - Medicaid Cluster				-	7,828	-	12,481
Total - Department of Health and Human Services				-	7,828	-	12,481
Total federal awards expended				\$ -	\$ 2,159,840	\$ -	\$ 2,108,839

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

WA-NEE COMMUNITY 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, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. *Summary of Significant Accounting Policies*

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

Note 3. *Special Education Cooperative*

The School Corporation is a member of the Elkhart County Special Education Cooperative (Cooperative) which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Special Education Cluster (IDEA); Unmodified for Child Nutrition Cluster and Title I Grants to Local Educational Agencies
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2014-001 from the immediately prior audit.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting.

Receipts

The School Corporation had not separated incompatible activities related to receipts, deposits, and posting of receipts. There was no documentation of controls.

Context

This was a systemic problem that continued through 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 controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

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

Views of Responsible Officials

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Child Nutrition Cluster - Equipment and Real Property 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 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
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 Equipment and Real Property Management compliance requirement. The School Corporation did not comply with the requirements of the Equipment and Real Property Management compliance requirement.

The School Corporation did not maintain an accurate list of capital assets that reflected the fund from which the assets were purchased. The School Corporation did not verify the accuracy of their capital asset list by performing an inventory of assets at least every two years.

Context

The lack of controls was a systematic issue, which occurred throughout the audit period. No inventory was taken during the audit period. The capital asset list provided did not include accurate information on the purchasing fund since there were omissions of \$225,864 for items purchased during the audit period and the list included items which were no longer at the schools.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 3016.32(d) states in part:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the costs of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

2 CFR 200.313(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and to comply with the Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-003

Subject: Child Nutrition Cluster - Program Income, Reporting, Special Tests and Provisions - School Food Accounts
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 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Program Income, Reporting, Special Tests and Provisions - School Food Accounts
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2014-003 over reporting from the immediately prior audit.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting, Program Income, Special Tests and Provisions - School Food Accounts compliance requirements.

Program Income

One employee processed and posted the monthly receipt adjustment to recognize program income without evidence of an oversight, review, or approval process.

Reporting

The monthly Sponsor Claims (claims for reimbursement) and the Annual Financial Reports were prepared by the Food Service Director. There was no evidence of an oversight, review, or approval process for these reports.

The School Food Authority (SFA) Verification Collection Reports were prepared by the Secretary to the Superintendent of Schools. There was no evidence of an oversight, review, or approval process for these reports.

Special Tests and Provisions - School Food Accounts

There was inadequate documentation that verification of posting of School Lunch receipts was made to the proper fund and account.

Context

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

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 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.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-004

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability and Special Tests and Provisions - Annual Report Card, High School Graduation Rate
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): 14-2285, 15-2285, 16-2285
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Special Tests and Provisions - Comparability, Special Tests and Provisions - Annual Report Card, High School Graduation Rate
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 Special Tests and Provisions - Comparability and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

There was no oversight over the preparation of the comparability calculation. One person prepared the calculation without any oversight, review, or approval process to ensure that the calculation was accurate.

There was no oversight over the students that were reported as mobility on the Annual Report Card-HS Graduation Rate cohort report (report). One person was in charge of entering the mobility reasons in the report without any oversight, review, or approval process to ensure that it was accurate.

Context

The lack of properly designed and implemented 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 200.303 states in part:

"The non-Federal entity must:

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls 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 2016-005

Subject: Special Education Cluster (IDEA) - Cash Management, Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-016-PN01, 99914-016-PN01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

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 Reporting compliance requirements.

Cash Management

One employee of the School Corporation prepared and submitted the monthly Reimbursement Requests (requests) to the Elkhart County Special Education Cooperative (ECSEC). There was no evidence of an oversight, review, or approval process for these requests assuring that all the costs requested for reimbursement had been paid prior to submitting the request.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting

One employee of the School Corporation prepared and submitted the monthly Reimbursement Requests, Final Annual Report, and Proportionate Share Monitoring Report to the ECSEC. There was no evidence of an oversight, review, or approval process assuring that the reports were accurate and filed timely.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

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

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 requirements listed above.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2016-006

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-016-PN01, 99914-016-PN01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Activities Allowed or Unallowed

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was a participating member school corporation of the ECSEC. The Goshen Community Schools (GCS) was the administrator of the ECSEC. Because the grant agreements were between the Indiana Department of Education (IDOE) and each member school corporation of the ECSEC, each member school corporation was ultimately responsible for ensuring compliance with the requirements. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed compliance requirement. There were no controls in place to ensure that expenditures charged to the grant were adequately documented to show compliance over the Activities Allowed or Unallowed compliance requirement.

The ECSEC provided special education services to its participating member school corporations (members) and billed them from expenditures paid within the ECSEC funds during the audit period. The ECSEC gave its members credits on their bills for amounts the members were awarded from the budgeted grant category, *Services from Another Educational Agency*. Members did not directly request reimbursement for *Services from Another Educational Agency*, but rather, the ECSEC requested reimbursement on the member's behalf for special education services provided under other categories, such as *Certified Salaries, Non-Certified Salaries, Employee Benefits, Purchased/Contracted Services, Conference/Travel, Materials/Supplies, and Buildings*. The ECSEC did not provide any documentation to support the allocation charged to the grant for members' credits in order to test the population for Activities Allowed or Unallowed. Total allocations charged to Special Education_Grants to States by the ECSEC for member's credits for school years ending June 30, 2015 and 2016, were \$345,319 and \$247,449, respectively.

The funds requested by the ECSEC for members were receipted in the GCS's Spec Ed Part B funds and never transferred into the appropriate ECSEC fund. As a result, the requested funds that belonged to the ECSEC were commingled with the Special Ed Part B fund transactions that benefited the GCS and not the other remaining members. Audit procedures over Special Ed Part B fund transactions revealed a lack of a review or approval process over payroll disbursements; however, sampled transactions as a whole, were made in compliance with Activities Allowed or Unallowed.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Additionally, adequate documentation did not support ECSEC expenditures allocated to the grant for members' credits and the comingling of Special Ed Part B funds and expenditures identified in the *Condition*.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

34 CFR 80.20 states in part:

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

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

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

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

The School Corporation and the ECSEC had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed compliance requirement. Additionally, an effective internal control structure had not been established to ensure adequate documentation over the ECSEC expenditures allocated to the grant for members' credits and the comingling of Special Ed Part B funds and expenditures identified in the *Condition*.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation and to the ECSEC. Additionally, the failure to maintain adequate documentation over ECSEC expenditures allocated to the grant for members' credits and the comingling of Special Ed Part B funds prevented the determination of the School Corporation's compliance relating to Activities Allowed or Unallowed and the expenditures identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Activities Allowed or Unallowed compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure adequate documentation will be maintained.

Views of Responsible Officials

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-007

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

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-016-PN01, 99914-016-PN01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was a participating member school corporation of the ECSEC. The Goshen Community Schools (GCS) was the administrator of the ECSEC. Because the grant agreements were between the IDOE and each member school corporation of the ECSEC, each member school corporation was ultimately responsible for ensuring compliance with the requirements. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Expenditures made by the GCS out of Special Ed Part B funds for salaries and benefits charged to the Special Education Cluster (IDEA) were paid without adequate documentation to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. Personnel Activity Reports or other documentation of personnel expenses for employees who worked on multiple activities or cost objectives during the audit period were not completed or presented. Also, Semi-Annual Certifications or other documentation of personnel expenses for employees whose salaries were paid 100 percent out of the grant funds were not accurate or completed. The following is a list of issues noted during the audit:

1. In a test performed on 31 employee payroll transactions, 22 of those transactions were not supported by Personnel Activity Reports or other personnel expense documentation to support the percentage of their pay being charged to the Special Education Cluster (IDEA).
2. For 2 employees who did complete Personnel Activity Reports or other personnel expense documentation, only 13 out of 20 Personnel Activity Reports or other personnel expense documentation were signed by a supervisor.
3. The School Corporation maintained a listing of employees who were to be paid from the Special Ed Part B funds. The School Corporation paid two employees from the Special Ed Part B funds who were not on that list.
4. The GCS did not adequately maintain personnel expense documentation to support substitutes' pay that was charged to the Special Education Cluster (IDEA).

Furthermore, the ECSEC provided special education services to its participating member schools (members) and billed them from expenditures paid within the ECSEC funds during the audit period. The ECSEC gave its members credits on their bills for amounts the members were awarded from the budgeted

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

grant category, *Services from Another Educational Agency*. Members did not directly request reimbursement for *Services from Another Educational Agency*, but rather, the ECSEC requested reimbursement on the member's behalf for special education services provided under other categories, such as *Certified Salaries, Non-Certified Salaries, Employee Benefits, Purchased/Contracted Services, Conference/Travel, Materials/Supplies, and Buildings*. The ECSEC did not provide any documentation to support the allocation charged to the grant for members' credits in order to test the population for Allowable Costs/Cost Principles. Total allocations charged to Special Education_Grants to States by the ECSEC for member's credits for school years ending June 30, 2015 and 2016, were \$345,319 and \$247,449, respectively.

The funds requested by the ECSEC for members were receipted in the GCS's Spec Ed Part B funds and never transferred into the appropriate ECSEC fund. As a result, the requested funds that belonged to the ECSEC were commingled with the Special Ed Part B fund transactions that benefited the GCS and not the other remaining members. Audit procedures over Special Ed Part B fund transactions revealed a lack of a review or approval process over payroll disbursements; however, sampled transactions as a whole, except as noted above, were made in compliance with Allowable Costs/Cost Principles.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

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

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

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

2 CFR 200.403 states in part:

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

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

2 CFR 200.430(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to Personnel Activity Reports or other documentation of personnel expenses and the expenditures identified in the *Condition*.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation and to the ECSEC. Additionally, the failure to maintain supporting documentation prevented the determination of the School Corporation's compliance relating to Personnel Activity Reports or other documentation of personnel expenses and the expenditures identified in the *Condition*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure adequate supporting documentation will be maintained.

Views of Responsible Officials

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-008

Subject: Special Education Cluster (IDEA) - Cash Management

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-016-PN01, 99914-016-PN01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was a participating member school corporation of the ECSEC. The Goshen Community Schools (GCS) was the administrator of the ECSEC. Because the grant agreements were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

The reimbursement request form prescribed by IDOE required dual signatures for approval before submission. Multiple reimbursement requests presented for audit did not have the required dual signatures.

Expenditures charged to the Special Education Cluster (IDEA) were paid without adequate documentation; therefore, it could not be determined whether expenditures were paid prior to the ECSEC requesting reimbursement.

The ECSEC, who operated out of its own fund on the GCS's ledger and provided services to its member schools (members) and billed its members for those services, requested special education funds on behalf of its members in exchange for credits on its members' bills. The members budgeted and used the category, *Services from Another Educational Agency*, to account for the activity they wanted to receive from the ECSEC. For instance, the grant award, 14215-016-PN01, the ECSEC requested reimbursement on April 15, 2015, and on September 15, 2015, for the activities, *Certified Salaries* and *Employee Benefits*, but did not provide any supporting documentation for a total of \$214,569 requested. The ECSEC's requested funds were received by the GCS and comingled with the GCS's Spec Ed Part B funds. The ECSEC did not bill its members for its services until January 8, 2016. The funds the ECSEC requested were never transferred to the appropriate GCS fund to reimburse the credits that were given to ECSEC members.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period. Additionally, documentation was not provided to support requests for reimbursement and that expenditures were made prior to the request and evidence was not presented to support approval of requests identified in the *Condition*.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 74.22 states in part: . . .

"(e) Reimbursement is the preferred method when the requirements in paragraph (b) of this section cannot be met. . . .

(1) When the reimbursement method is used, the Secretary makes payment within 30 days after receipt of the billing, unless the billing is improper. . . .

(f) . . . Thereafter, the Secretary reimburses the recipient for its actual cash disbursements. . . ."

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

34 CFR 76.730 states:

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

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

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Cash Management compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to the reimbursement requests and expenditures identified in the *Condition*.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Cash Management compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure supporting documentation will be maintained.

Views of Responsible Officials

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

FINDING 2016-009

Subject: Special Education Cluster (IDEA) - Period of Performance

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-016-PN01, 99914-016-PN01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was a participating member school corporation of the ECSEC. The Goshen Community Schools (GCS) was the administrator of the ECSEC. Because the grant agreements were between the Indiana Department (IDOE) of Education and each member school corporation of the ECSEC, each member school corporation

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

was ultimately responsible for ensuring compliance with the requirements. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Period of Performance compliance requirement. There were no controls in place to ensure that all expenditures charged to the grant fund were obligated within the Period of Performance. Expenditures charged by the ECSEC to the Special Education Cluster (IDEA) were paid with no supporting documentation to determine if expenditures were within the Period of Performance.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.23 states:

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

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

2 CFR 200.343 states in part:

". . . (a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. . . ."

34 CFR 76.730 states:

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

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

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

Cause

The School Corporation had not established an effective internal control structure that would have ensured compliance with the grant agreement and the Period of Performance compliance requirement. Additionally, an effective internal control structure had not been established to ensure supporting documentation was maintained relating to the expenditures identified in the *Condition*.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Period of Performance compliance requirement. Additionally, we recommended that management of the School Corporation and the ECSEC establish controls to ensure that supporting documentation will be maintained.

Views of Responsible Officials

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-010

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-016-PN01, 14215-016-PN01,
14216-016-PN01, 99914-016-PN01,
45714-016-PN01, 45715-016-PN01,
45716-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Condition

The Elkhart County Special Education Cooperative (ECSEC) was a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation was a participating member school corporation of the ECSEC. The Goshen Community Schools (GCS) was the administrator of the ECSEC. Because the grant agreements were between Indiana Department of Education (IDOE) and each member school corporation of the ECSEC, each member school corporation was ultimately responsible for ensuring compliance with the requirements. An effective internal control system was not in place at the School Corporation and at the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. There were no controls in place to ensure that all expenditures charged to the grant fund were reported correctly.

The ECSEC, who requested funds on behalf of its member schools (members), did not provide any documentation supporting its reimbursement requests and reimbursement request were submitted without an oversight, review, or approval process to ensure they were accurate and in compliance with the Reporting compliance requirement. In addition, the ECSEC prepared and submitted the final reports for its members without an oversight, review, or approval process to ensure final reports were accurate and in compliance with the Reporting compliance requirement.

Context

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

Criteria

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

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20 states in part:

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

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

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

. . .

- (1) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The School Corporation had not established a proper internal control structure that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Reporting compliance requirement. Additionally, we recommended that management of the School Corporation establish controls to ensure supporting documentation will be maintained.

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.



1300 North Main Street
Nappanee, IN 46550
(574)773-3131
(574) 773-5593 FAX

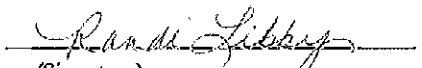
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2012-2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: n/a
Contact Person Responsible for Corrective Action: Roger Zentz
Contact Phone Number: 574-773-3131

Status of Audit Finding:

Internal control systems be segregation of duties, related to School Form 521 "Application for Free and Reduced-Price Meals and other Benefits" has Lisa Hall completing the first review of the application and documenting the results of the determination and signing of the form. The confirming official review will be completed by the Business Office Clerk, Crystal Manning will be signed as the verifying official.


(Signature)

Business Manager
(Title)

03/22/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
Business Manager
rlibby@wanee.org

Mrs. Michelle Clouser Penrod
Director of Curriculum
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: 2012-2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: n/a

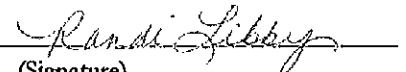
Contact Person Responsible for Corrective Action: Roger Zentz from 2014-2017; Randi Libby 2017-current

Contact Phone Number: 574-773-3131

Status of Audit Finding:

Internal control systems be segregation of duties, related to the grant agreement and the compliance requirements of Eligibility and Special Tests and Provisions for Verification of Free and Reduced-Price Applications (NSLP) is being completed by Lisa Hall for the first review of the application, the second review continued to be completed by the Business Office Clerk, Crystal Manring.

Internal control systems be segregation of duties, related to the grant agreement and the compliance requirements of Reporting for Child Nutrition Cluster (formally identified as NSLP) is being completed by Food Service Director, Betty Hahn for the first review of the reimbursement report, the second review continued to be completed by the Business Manager, Roger Zentz.


(Signature)

Business Manager
(Title)

03/22/2018
(Date)

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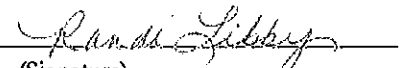
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004

Fiscal year in which the finding initially occurred: 2012-2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: n/a
Contact Person Responsible for Corrective Action: Roger Zentz
Contact Phone Number: 574-773-3131

Status of Audit Finding:

All requests for reimbursements are prepared by either the Deputy Treasurer, Dawn Miller and reviewed by the Treasurer, Roger Zentz or prepared by Treasurer, Roger Zentz and reviewed and approved by Deputy Treasurer, Dawn Miller. This ensures a review is completed prior to the submission of the reimbursement request sent to the pass-through entity.


(Signature)

Business Manager
(Title)

03/22/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
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rilibby@vance.org

Mrs. Michelle Clouser Penrod
Director of Curriculum
mclouserpenrod@wanee.org



CORRECTIVE ACTION PLAN

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby

Contact Phone Number: 574-773-3131

Status of Audit Finding:

Internal control systems and segregation of duties, related to receipts have been established and will continue following the performed audit. The Business Manager will open all mail and review receipts and invoices. The deputy treasurer, prepares the written receipts. Once receipts are prepared the Business Manager and/or the Payroll Clerk will review prior to the Deputy Treasurer posting within the accounting software. The mail includes invoices and checks. The Deputy Treasurer prepares the monthly bank reconciliation and the Business Manager reviews and approves each month.

Anticipated Completion Date: Immediately



(Signature)

Business Manager
(Title)

05/24/2018
(Date)



CORRECTIVE ACTION PLAN

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2014-2016

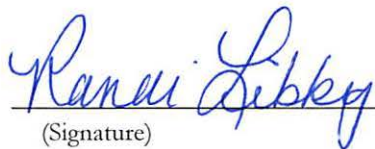
Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Status of Audit Finding:

The district understands the need for complete and accurate asset inventory ledgers. The current asset inventory will be re-accounted for following the audit period review. The district will complete a thorough review of the current assets within the buildings during the summer of 2018 and will update all records on the asset inventory list.

Once the updated list is complete the Buildings and Grounds Director will request from the board for items to be sold in auction. Once an auction is held the Buildings and Grounds Director will report auction items sold to the Deputy Treasurer. The Deputy Treasurer will remove the items from the asset inventory list and receipt the revenue to the original purchasing fund. The Business Manager and Deputy Treasurer will review fixed asset purchases that are over the policies threshold for materiality and added those items to the inventory list. The items will include all descriptive and accounting information needed based on state and federal guidelines.

Anticipated Completion Date: Immediately



(Signature)

Business Manager
(Title)

05/24/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
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rlibby@wanee.org

Mrs. Michelle Clouser Penrod
Director of Curriculum
mclouserpenrod@wanee.org



CORRECTIVE ACTION PLAN

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

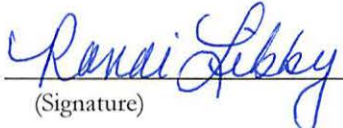
Status of Audit Finding:

Internal control systems be segregation of duties, related to the grant agreement and the compliance requirements of Reporting for Child Nutrition Cluster (formally identified as NSLP) is being completed by Food Service Director for the first review of the reimbursement report, the second review continued to be completed by the Business Manager.

Internal control systems and segregation of duties, related to School Food Authority (SFA) Verification Collection Reports are prepared by the Secretary to the Superintendent and a second review will be completed by the Secretary to the Curriculum Director.

The cafeteria managers will prepare receipts on a regular basis and send to the Deputy Treasurer for review. The Deputy Treasurer prepares the written receipts. Once receipts are prepared the Business Manager and/or the Payroll Clerk will review prior to the Deputy Treasurer posting within the accounting software. The Deputy Treasurer prepares the monthly bank reconciliation and the Business Manager reviews and approves each month.

Anticipated Completion Date: Immediately



(Signature)

Business Manager
(Title)

03/22/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
Business Manager
rlibby@wanee.org

Mrs. Michelle Clouser Penrod
Director of Curriculum
mclouserpenrod@wanee.org



CORRECTIVE ACTION PLAN

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Status of Audit Finding:

Internal control systems and segregation of duties, related to the grant agreement and the compliance requirements of Title I Part A specifically including comparability report will be completed by the Director of Curriculum and will be reviewed by the Business Manager.

Internal control systems and segregation of duties, related to the Annual Report Card-HS Graduation Rate cohort report are prepared by the Secretary to the Guidance Department and a second review will be completed by the Department Head of the Guidance Department.

Anticipated Completion Date: Immediately


(Signature)

Business Manager
(Title)

03/22/2018
(Date)



CORRECTIVE ACTION PLAN

FINDING 2016-005

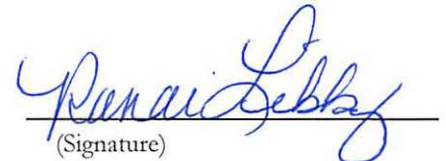
Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Status of Audit Finding:

Internal control systems and segregation of duties, related to the grant agreement and the compliance requirements of Special Education Cluster (IDEA) is being completed by the Business Manager for the first review of the reimbursement report and the proportionate share monitoring reports. The second review will be completed by the Special Education Coordinator and will be sent to ECSEC for the final review to be completed by the Special Education Director.

Anticipated Completion Date: Immediately


(Signature)

Business Manager
(Title)

03/22/2018
(Date)



May 24, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Views of the Responsible Official:

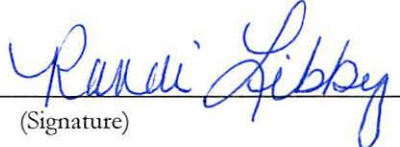
The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools. The audit completed by the State Board of Accounts for this period on the records of Wa-Nee Community Schools relative to special education programs and grants found no deficiencies.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Anticipated Completion Date: Immediately



(Signature)

Business Manager
(Title)

05/24/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
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Mrs. Michelle Clouser Penrod
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May 24, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-007

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Views of the Responsible Official:

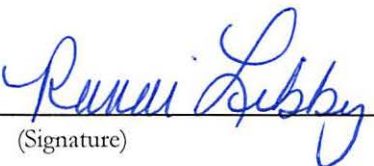
The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools. The audit completed by the State Board of Accounts for this period on the records of Wa-Nee Community Schools relative to special education programs and grants found no deficiencies.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Anticipated Completion Date: Immediately



(Signature)

Business Manager
(Title)

05/24/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
Business Manager
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Mrs. Michelle Clouser Penrod
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May 24, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-008

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Views of the Responsible Official:

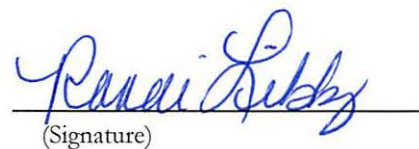
The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools. The audit completed by the State Board of Accounts for this period on the records of Wa-Nee Community Schools relative to special education programs and grants found no deficiencies.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Anticipated Completion Date: Immediately


(Signature)

Business Manager
(Title)

05/24/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
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Mrs. Michelle Clouser Penrod
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May 24, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-009

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools. The audit completed by the State Board of Accounts for this period on the records of Wa-Nee Community Schools relative to special education programs and grants found no deficiencies.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Anticipated Completion Date: Immediately


(Signature)

Business Manager
(Title)

05/24/2018
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
Business Manager
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Mrs. Michelle Clouser Penrod
Director of Curriculum
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May 24, 2018

CORRECTIVE ACTION PLAN

FINDING 2016-010

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Views of the Responsible Official:

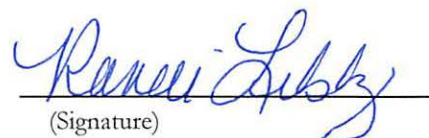
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While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools. The audit completed by the State Board of Accounts for this period on the records of Wa-Nee Community Schools relative to special education programs and grants found no deficiencies.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Anticipated Completion Date: Immediately



(Signature)

Business Manager
(Title)

05/24/2018
(Date)

Dr. Scot Croner
Superintendent
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Mrs. Randi Libby
Business Manager
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Mrs. Michelle Clouser Penrod
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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/>.