

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF WABASH COUNTY
WABASH COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED

07/19/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Schedule of Payables and Receivables	34
Schedule of Leases and Debt	35
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	38-40
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	42-43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45-53
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	56-63
Corrective Action Plan	64-66
Other Reports.....	67

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mike Keaffaber Chris Kuhn	07-01-15 to 06-30-16 07-01-16 to 06-30-18
Superintendent of Schools	Dr. Sandra Weaver Mike Keaffaber	07-01-15 to 06-30-16 07-01-16 to 06-30-18
President of the School Board	Matthew P. Driscoll Kevin Bowman	01-01-15 to 12-31-16 01-01-17 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WABASH COUNTY, WABASH COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of Wabash County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, and Schedule of Leases and Debt, 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 June 19, 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

June 19, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WABASH COUNTY, WABASH COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Wabash County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated June 19, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

Metropolitan School District of Wabash County's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

June 19, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Funds	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 44,229	\$ 14,702,502	\$ 14,214,814	\$ -	\$ 531,917	\$ 14,114,779	\$ 13,585,298	\$ 363	\$ 1,061,761
Debt Service	1,321,056	2,388,460	2,802,084	(28,888)	878,544	2,995,856	3,030,507	95,750	939,643
Retirement/Severance Bond Debt Service	154,853	451,605	341,176	-	265,282	292,785	335,126	-	222,941
Capital Projects	918,448	3,170,002	2,919,737	-	1,168,713	2,901,685	2,007,531	(294,200)	1,768,667
School Transportation	789,708	1,489,110	1,484,676	-	794,142	1,502,008	1,364,276	-	931,874
School Bus Replacement	930,741	234,225	579,345	-	585,621	218,616	92,438	13,325	725,124
Rainy Day	295,238	55,769	139,213	-	211,794	-	19,572	(35,880)	156,342
Construction	1,855	-	360	-	1,495	-	360	-	1,135
MSD Building Corporation 2015	-	-	909,024	2,100,000	1,190,976	-	566,292	-	624,684
MSD G.O. Bonds 2016	-	-	-	-	-	-	58,296	2,992,814	2,934,518
School Lunch	50,599	825,664	914,403	-	(38,140)	897,307	814,819	75,250	119,598
Textbook Rental	1,004,535	319,894	1,293,296	216,108	247,241	263,131	128,146	153,889	536,115
Self-Insurance	(1,702,993)	1,137,930	2,519,995	-	(3,085,058)	356,967	312,921	-	(3,041,012)
Joint Services and Supply - Special Education Cooperative	752,274	1,524,420	1,452,961	(327,613)	496,120	9,040	232,934	-	272,226
Child Development	(930,168)	489,073	13,227	175,986	(278,336)	17,456	-	260,880	-
Child Development Center 15-16	-	406,361	428,858	189,014	166,517	112,823	279,340	-	-
WMAP Preschool	125,533	169,933	190,951	-	104,515	-	11,251	-	93,264
Early Literacy Intervention	-	30,810	-	-	30,810	9,598	30,421	-	9,987
Comprehensive Counseling Initiative	-	-	-	-	-	30,000	14,253	-	15,747
Scholarships and Awards	-	500	500	-	-	500	500	-	-
Awards Students and Employees	3,218	322	4,966	3,800	2,374	322	3,012	3,801	3,485
NHS D. Walker Scholarship	100	-	-	-	100	-	-	-	100
Miscellaneous Programs	2,747	15,000	8,988	(3,800)	4,959	15,000	15,906	(3,801)	252
Well Fargo Grant	30,279	8,500	4,438	6,070	40,411	8,000	4,095	7,111	51,427
WMAP Miscellaneous Donations	22,510	4,628	4,628	-	22,510	4,760	24,760	-	2,510
Miscellaneous Donations	71,898	6,029	16,968	-	60,959	366	3,660	-	57,665
Benevolent	9,358	188	64	-	9,482	-	321	-	9,161
Beginnergarten Summer Program	(4,689)	16,000	9,746	-	1,565	12,500	18,852	-	(4,787)
Formative Assessment	-	17,225	14,326	-	2,899	27,689	30,588	-	-
High Ability Grant 14/15	5,906	-	5,906	-	-	-	-	-	-
High Ability 2015-2016	-	34,494	28,988	-	5,506	-	5,506	-	-
High Ability 2016-2017	-	-	-	-	-	34,169	29,810	-	4,359
Secured Schools Safety Grant	-	-	29,941	-	(29,941)	61,255	40,873	-	(9,559)

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Funds	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Non-English Speaking 14/15	824	-	772	-	52	-	52	-	-
Non-English Speaking 15-16	-	2,739	-	-	2,739	-	2,739	-	-
Non-English Speaking 16-17	-	-	-	-	-	3,200	-	-	3,200
School Technology	2,744	8,061	613	-	10,192	12,141	1,895	-	20,438
Career and Technical Performance Grant	-	-	-	-	-	16,129	15,688	-	441
Miscellaneous Income Sale of Property	370	4	219	245	400	-	487	300	213
Title I	-	-	-	-	-	141,875	155,476	-	(13,601)
Title I MSD 14/15	(9,102)	30,940	21,838	-	-	-	-	-	-
Title I MSD 2015-2016	-	183,908	200,299	-	(16,391)	1,140	(15,251)	-	-
Title I Whites 16-17	-	-	-	-	-	77,337	85,714	-	(8,377)
Title I Whites 14/15	(3,242)	20,996	17,754	-	-	-	-	-	-
Title I Whites 15-16	-	89,847	97,642	-	(7,795)	21,605	13,810	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(2,548)	136,852	134,304	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants 14/15	(75,368)	598,000	538,360	-	(15,728)	24,932	9,204	-	-
WMAP Big Grant 15-16	-	896,726	1,019,286	-	(122,560)	893,385	865,387	-	(94,562)
1427-058-PN01 16-17	-	-	-	-	-	1,158,295	1,213,333	-	(55,038)
Preschool 14/15	(3,353)	30,961	27,608	-	-	-	-	-	-
Preschool 15-16	-	38,181	52,151	-	(13,970)	32,326	18,356	-	-
Preschool 16-17	-	-	-	-	-	33,777	33,777	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	(11,919)	19,999	8,080	-	-	17,502	27,790	-	(10,288)
Title II Part A 15-16	-	32,513	35,941	-	(3,428)	29,864	26,436	-	-
SMR E-Learn 2016/T-II	-	-	12,301	-	(12,301)	14,000	1,699	-	-
T-II Part A (HQ) 14/15	(2,323)	31,266	28,943	-	-	-	-	-	-
Limited English Grant	95	-	95	-	-	-	-	-	-
Title III Limited English 14-15	-	81	81	-	-	-	-	-	-
Title III Limited English 16-18	-	-	-	-	-	-	490	-	(490)
Clearing	309,161	13,208,258	13,406,443	-	110,976	9,903,934	9,967,431	-	47,479
Totals	<u>\$ 4,102,574</u>	<u>\$ 42,827,976</u>	<u>\$ 45,936,309</u>	<u>\$ 2,330,922</u>	<u>\$ 3,325,163</u>	<u>\$ 36,268,054</u>	<u>\$ 35,486,177</u>	<u>\$ 3,269,602</u>	<u>\$ 7,376,642</u>

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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.

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Transfers in. Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of the manner in which correcting entries were posted.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for a reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2016 and 2017. Any other funds with cash balance deficits are a result of expenditures exceeding receipts and available cash balances.

The cash balance deficit in the Self-Insurance fund is an ongoing work in process, in which the School Corporation has addressed by making transfers from the Rainy Day fund to reduce the negative fund balance. The School Corporation anticipates that it will take three to five years to eliminate the negative fund balance of the Self-Insurance fund.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporations*

The School Corporation has entered into a capital lease with MSD of Wabash County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$2,793,000 and \$3,020,800, respectively.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 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	Construction	MSD Building Corporation 2015
Cash and investments - beginning	\$ 44,229	\$ 1,321,056	\$ 154,853	\$ 918,448	\$ 789,708	\$ 930,741	\$ 295,238	\$ 1,855	\$ -
Receipts:									
Local sources	798,977	2,388,460	378,623	2,326,949	1,350,946	234,225	55,769	-	-
Intermediate sources	158	-	-	-	-	-	-	-	-
State sources	13,896,246	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	835,687	122,053	-	-	-	-
Other receipts	7,121	-	72,982	7,366	16,111	-	-	-	-
Total receipts	14,702,502	2,388,460	451,605	3,170,002	1,489,110	234,225	55,769	-	-
Disbursements:									
Instruction	9,999,154	-	-	-	-	-	103,227	-	-
Support services	3,917,854	-	-	986,130	1,155,356	579,345	32,082	-	-
Noninstructional services	297,806	-	-	-	-	-	3,904	-	-
Facilities acquisition and construction	-	-	-	1,107,437	-	-	-	360	909,024
Debt service	-	2,802,084	341,176	826,170	329,320	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,214,814	2,802,084	341,176	2,919,737	1,484,676	579,345	139,213	360	909,024
Excess (deficiency) of receipts over disbursements	487,688	(413,624)	110,429	250,265	4,434	(345,120)	(83,444)	(360)	(909,024)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,100,000
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(28,888)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(28,888)	-	-	-	-	-	-	2,100,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	487,688	(442,512)	110,429	250,265	4,434	(345,120)	(83,444)	(360)	1,190,976
Cash and investments - ending	\$ 531,917	\$ 878,544	\$ 265,282	\$ 1,168,713	\$ 794,142	\$ 585,621	\$ 211,794	\$ 1,495	\$ 1,190,976

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

	MSD G.O. Bonds 2016	School Lunch	Textbook Rental	Self- Insurance	Joint Services and Supply - Special Education Cooperative	Child Development	Child Development Center 15-16	WMAP Preschool	Early Literacy Intervention
Cash and investments - beginning	\$ -	\$ 50,599	\$ 1,004,535	\$ (1,702,993)	\$ 752,274	\$ (930,168)	\$ -	\$ 125,533	\$ -
Receipts:									
Local sources	-	413,572	246,117	1,137,930	1,524,243	285,428	290,752	169,933	-
Intermediate sources	-	-	-	-	-	189,014	115,609	-	-
State sources	-	9,877	72,647	-	-	-	-	-	30,810
Federal sources	-	400,829	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	1,386	1,130	-	177	14,631	-	-	-
Total receipts	-	825,664	319,894	1,137,930	1,524,420	489,073	406,361	169,933	30,810
Disbursements:									
Instruction	-	-	-	-	705,384	2,598	285,341	87,896	-
Support services	-	124	1,293,296	13,046	724,070	2,487	138,639	100,263	-
Noninstructional services	-	914,279	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	3,212	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,506,949	20,295	8,142	4,878	2,792	-
Total disbursements	-	914,403	1,293,296	2,519,995	1,452,961	13,227	428,858	190,951	-
Excess (deficiency) of receipts over disbursements	-	(88,739)	(973,402)	(1,382,065)	71,459	475,846	(22,497)	(21,018)	30,810
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	187,220	-	37,387	-	-	-	-
Transfers in	-	-	28,888	-	-	365,000	189,014	-	-
Transfers out	-	-	-	-	(365,000)	(189,014)	-	-	-
Total other financing sources (uses)	-	-	216,108	-	(327,613)	175,986	189,014	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(88,739)	(757,294)	(1,382,065)	(256,154)	651,832	166,517	(21,018)	30,810
Cash and investments - ending	\$ -	\$ (38,140)	\$ 247,241	\$ (3,085,058)	\$ 496,120	\$ (278,336)	\$ 166,517	\$ 104,515	\$ 30,810

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

	Comprehensive Counseling Initiative	Scholarships and Awards	Awards Students and Employees	NHS D. Walker Scholarship	Miscellaneous Programs	Well Fargo Grant	WMAP Miscellaneous Donations	Miscellaneous Donations	Benevolent
Cash and investments - beginning	\$ -	\$ -	\$ 3,218	\$ 100	\$ 2,747	\$ 30,279	\$ 22,510	\$ 71,898	\$ 9,358
Receipts:									
Local sources	-	500	-	-	15,000	8,500	4,628	2,441	188
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	322	-	-	-	-	3,588	-
Total receipts	-	500	322	-	15,000	8,500	4,628	6,029	188
Disbursements:									
Instruction	-	-	4,966	-	-	4,438	4,628	16,968	-
Support services	-	-	-	-	788	-	-	-	-
Noninstructional services	-	-	-	-	8,200	-	-	-	64
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	500	-	-	-	-	-	-	-
Total disbursements	-	500	4,966	-	8,988	4,438	4,628	16,968	64
Excess (deficiency) of receipts over disbursements	-	-	(4,644)	-	6,012	4,062	-	(10,939)	124
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	6,070	-	-	-
Transfers in	-	-	3,800	-	-	-	-	-	-
Transfers out	-	-	-	-	(3,800)	-	-	-	-
Total other financing sources (uses)	-	-	3,800	-	(3,800)	6,070	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(844)	-	2,212	10,132	-	(10,939)	124
Cash and investments - ending	\$ -	\$ -	\$ 2,374	\$ 100	\$ 4,959	\$ 40,411	\$ 22,510	\$ 60,959	\$ 9,482

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

	Beginnergarten Summer Program	Formative Assessment	High Ability Grant 14/15	High Ability 2015-2016	High Ability 2016-2017	Secured Schools Safety Grant	Non-English Speaking 14/15	Non-English Speaking 15-16	Non-English Speaking 16-17
Cash and investments - beginning	\$ (4,689)	\$ -	\$ 5,906	\$ -	\$ -	\$ -	\$ 824	\$ -	\$ -
Receipts:									
Local sources	16,000	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	17,225	-	34,494	-	-	-	2,739	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	16,000	17,225	-	34,494	-	-	-	2,739	-
Disbursements:									
Instruction	9,746	-	5,906	28,988	-	-	772	-	-
Support services	-	14,326	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	29,941	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,746	14,326	5,906	28,988	-	29,941	772	-	-
Excess (deficiency) of receipts over disbursements	6,254	2,899	(5,906)	5,506	-	(29,941)	(772)	2,739	-
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	6,254	2,899	(5,906)	5,506	-	(29,941)	(772)	2,739	-
Cash and investments - ending	\$ 1,565	\$ 2,899	\$ -	\$ 5,506	\$ -	\$ (29,941)	\$ 52	\$ 2,739	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 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	Career and Technical Performance Grant	Miscellaneous Income Sale of Property	Title I	Title I MSD 14/15	Title I MSD 2015-2016	Title I Whites 16-17	Title I Whites 14/15	Title I Whites 15-16
Cash and investments - beginning	\$ 2,744	\$ -	\$ 370	\$ -	\$ (9,102)	\$ -	\$ -	\$ (3,242)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	5,484	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	30,940	183,908	-	20,996	89,847
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	2,577	-	4	-	-	-	-	-	-
Total receipts	8,061	-	4	-	30,940	183,908	-	20,996	89,847
Disbursements:									
Instruction	-	-	-	-	21,838	199,725	-	17,754	97,207
Support services	613	-	219	-	-	574	-	-	435
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	613	-	219	-	21,838	200,299	-	17,754	97,642
Excess (deficiency) of receipts over disbursements	7,448	-	(215)	-	9,102	(16,391)	-	3,242	(7,795)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	245	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	245	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,448	-	30	-	9,102	(16,391)	-	3,242	(7,795)
Cash and investments - ending	\$ 10,192	\$ -	\$ 400	\$ -	\$ -	\$ (16,391)	\$ -	\$ -	\$ (7,795)

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

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants 14/15	WMAP Big Grant 15-16	1427-058-PN01 16-17	Preschool 14/15	Preschool 15-16	Preschool 16-17	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ (2,548)	\$ (75,368)	\$ -	\$ -	\$ (3,353)	\$ -	\$ -	\$ (11,919)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	136,852	598,000	896,726	-	30,961	38,181	-	19,999
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	136,852	598,000	896,726	-	30,961	38,181	-	19,999
Disbursements:								
Instruction	90,244	258,896	583,908	-	27,608	52,151	-	-
Support services	32,060	279,464	435,378	-	-	-	-	8,080
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	12,000	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	134,304	538,360	1,019,286	-	27,608	52,151	-	8,080
Excess (deficiency) of receipts over disbursements	2,548	59,640	(122,560)	-	3,353	(13,970)	-	11,919
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,548	59,640	(122,560)	-	3,353	(13,970)	-	11,919
Cash and investments - ending	\$ -	\$ (15,728)	\$ (122,560)	\$ -	\$ -	\$ (13,970)	\$ -	\$ -

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

	Title II Part A 15-16	SMR E-Learn 2016/T-II	T-II Part A (HQ) 14/15	Limited English Grant	Title III Limited English 14-15	Title III Limited English 16-18	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (2,323)	\$ 95	\$ -	\$ -	\$ 309,161	\$ 4,102,574
Receipts:								
Local sources	-	-	-	-	-	-	-	11,649,181
Intermediate sources	-	-	-	-	-	-	-	304,781
State sources	-	-	-	-	81	-	-	14,069,603
Federal sources	32,513	-	31,266	-	-	-	-	2,511,018
Temporary loans	-	-	-	-	-	-	-	957,740
Other receipts	-	-	-	-	-	-	13,208,258	13,335,653
Total receipts	32,513	-	31,266	-	81	-	13,208,258	42,827,976
Disbursements:								
Instruction	-	-	-	95	81	-	-	12,609,519
Support services	35,941	12,301	28,943	-	-	-	-	9,791,814
Noninstructional services	-	-	-	-	-	-	-	1,224,253
Facilities acquisition and construction	-	-	-	-	-	-	-	2,061,974
Debt service	-	-	-	-	-	-	-	4,298,750
Nonprogrammed charges	-	-	-	-	-	-	13,406,443	15,949,999
Total disbursements	35,941	12,301	28,943	95	81	-	13,406,443	45,936,309
Excess (deficiency) of receipts over disbursements	(3,428)	(12,301)	2,323	(95)	-	-	(198,185)	(3,108,333)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	2,100,000
Sale of capital assets	-	-	-	-	-	-	-	230,922
Transfers in	-	-	-	-	-	-	-	586,702
Transfers out	-	-	-	-	-	-	-	(586,702)
Total other financing sources (uses)	-	-	-	-	-	-	-	2,330,922
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,428)	(12,301)	2,323	(95)	-	-	(198,185)	(777,411)
Cash and investments - ending	\$ (3,428)	\$ (12,301)	\$ -	\$ -	\$ -	\$ -	\$ 110,976	\$ 3,325,163

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	MSD Building Corporation 2015
Cash and investments - beginning	\$ 531,917	\$ 878,544	\$ 265,282	\$ 1,168,713	\$ 794,142	\$ 585,621	\$ 211,794	\$ 1,495	\$ 1,190,976
Receipts:									
Local sources	804,750	2,995,856	262,847	2,371,458	1,375,725	218,616	-	-	-
Intermediate sources	131	-	-	-	-	-	-	-	-
State sources	13,259,857	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	525,959	124,703	-	-	-	-
Other receipts	50,041	-	29,938	4,268	1,580	-	-	-	-
Total receipts	14,114,779	2,995,856	292,785	2,901,685	1,502,008	218,616	-	-	-
Disbursements:									
Instruction	8,979,477	-	-	-	-	-	-	-	-
Support services	4,281,439	-	-	943,363	1,242,223	92,438	19,572	-	-
Noninstructional services	324,382	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	270,724	-	-	-	360	566,292
Debt service	-	3,030,507	335,126	793,444	122,053	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	13,585,298	3,030,507	335,126	2,007,531	1,364,276	92,438	19,572	360	566,292
Excess (deficiency) of receipts over disbursements	529,481	(34,651)	(42,341)	894,154	137,732	126,178	(19,572)	(360)	(566,292)
Other financing sources (uses):									
Proceeds of long-term debt	-	95,750	-	-	-	-	-	-	-
Sale of capital assets	363	-	-	5,800	-	13,325	-	-	-
Transfers in	-	-	-	-	-	-	300,000	-	-
Transfers out	-	-	-	(300,000)	-	-	(335,880)	-	-
Total other financing sources (uses)	363	95,750	-	(294,200)	-	13,325	(35,880)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	529,844	61,099	(42,341)	599,954	137,732	139,503	(55,452)	(360)	(566,292)
Cash and investments - ending	\$ 1,061,761	\$ 939,643	\$ 222,941	\$ 1,768,667	\$ 931,874	\$ 725,124	\$ 156,342	\$ 1,135	\$ 624,684

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	MSD G.O. Bonds 2016	School Lunch	Textbook Rental	Self- Insurance	Joint Services and Supply - Special Education Cooperative	Child Development	Child Development Center 15-16	WMAP Preschool	Early Literacy Intervention
Cash and investments - beginning	\$ -	\$ (38,140)	\$ 247,241	\$ (3,085,058)	\$ 496,120	\$ (278,336)	\$ 166,517	\$ 104,515	\$ 30,810
Receipts:									
Local sources	-	433,830	195,223	195,636	-	12,221	-	-	-
Intermediate sources	-	-	-	-	-	-	112,823	-	-
State sources	-	9,665	67,908	-	-	-	-	-	9,598
Federal sources	-	451,303	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	2,509	-	161,331	9,040	5,235	-	-	-
Total receipts	-	897,307	263,131	356,967	9,040	17,456	112,823	-	9,598
Disbursements:									
Instruction	-	-	-	-	180,691	-	279,340	62	30,421
Support services	-	56	128,146	5,414	52,243	-	-	11,189	-
Noninstructional services	-	814,763	-	-	-	-	-	-	-
Facilities acquisition and construction	58,296	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	307,507	-	-	-	-	-
Total disbursements	58,296	814,819	128,146	312,921	232,934	-	279,340	11,251	30,421
Excess (deficiency) of receipts over disbursements	(58,296)	82,488	134,985	44,046	(223,894)	17,456	(166,517)	(11,251)	(20,823)
Other financing sources (uses):									
Proceeds of long-term debt	2,992,814	-	-	-	-	-	-	-	-
Sale of capital assets	-	250	153,889	-	-	-	-	-	-
Transfers in	-	75,000	-	-	-	260,880	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,992,814	75,250	153,889	-	-	260,880	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,934,518	157,738	288,874	44,046	(223,894)	278,336	(166,517)	(11,251)	(20,823)
Cash and investments - ending	\$ 2,934,518	\$ 119,598	\$ 536,115	\$ (3,041,012)	\$ 272,226	\$ -	\$ -	\$ 93,264	\$ 9,987

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Comprehensive Counseling Initiative	Scholarships and Awards	Awards Students and Employees	NHS D. Walker Scholarship	Miscellaneous Programs	Well Fargo Grant	WMAP Miscellaneous Donations	Miscellaneous Donations	Benevolent
Cash and investments - beginning	\$ -	\$ -	\$ 2,374	\$ 100	\$ 4,959	\$ 40,411	\$ 22,510	\$ 60,959	\$ 9,482
Receipts:									
Local sources	30,000	500	-	-	15,000	8,000	4,760	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	322	-	-	-	-	366	-
Total receipts	30,000	500	322	-	15,000	8,000	4,760	366	-
Disbursements:									
Instruction	-	-	3,012	-	-	4,095	24,760	3,660	-
Support services	14,253	-	-	-	7,707	-	-	-	-
Noninstructional services	-	-	-	-	8,199	-	-	-	321
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	500	-	-	-	-	-	-	-
Total disbursements	14,253	500	3,012	-	15,906	4,095	24,760	3,660	321
Excess (deficiency) of receipts over disbursements	15,747	-	(2,690)	-	(906)	3,905	(20,000)	(3,294)	(321)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	7,111	-	-	-
Transfers in	-	-	3,801	-	-	-	-	-	-
Transfers out	-	-	-	-	(3,801)	-	-	-	-
Total other financing sources (uses)	-	-	3,801	-	(3,801)	7,111	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,747	-	1,111	-	(4,707)	11,016	(20,000)	(3,294)	(321)
Cash and investments - ending	\$ 15,747	\$ -	\$ 3,485	\$ 100	\$ 252	\$ 51,427	\$ 2,510	\$ 57,665	\$ 9,161

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Beginnergarten Summer Program	Formative Assessment	High Ability Grant 14/15	High Ability 2015-2016	High Ability 2016-2017	Secured Schools Safety Grant	Non-English Speaking 14/15	Non-English Speaking 15-16	Non-English Speaking 16-17
Cash and investments - beginning	\$ 1,565	\$ 2,899	\$ -	\$ 5,506	\$ -	\$ (29,941)	\$ 52	\$ 2,739	\$ -
Receipts:									
Local sources	12,500	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	27,689	-	-	34,169	61,255	-	-	3,200
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	12,500	27,689	-	-	34,169	61,255	-	-	3,200
Disbursements:									
Instruction	13,960	-	-	5,506	29,810	-	-	2,000	-
Support services	4,892	30,588	-	-	-	-	52	739	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	40,873	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	18,852	30,588	-	5,506	29,810	40,873	52	2,739	-
Excess (deficiency) of receipts over disbursements	(6,352)	(2,899)	-	(5,506)	4,359	20,382	(52)	(2,739)	3,200
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	(6,352)	(2,899)	-	(5,506)	4,359	20,382	(52)	(2,739)	3,200
Cash and investments - ending	\$ (4,787)	\$ -	\$ -	\$ -	\$ 4,359	\$ (9,559)	\$ -	\$ -	\$ 3,200

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	School Technology	Career and Technical Performance Grant	Miscellaneous Income Sale of Property	Title I	Title I MSD 14/15	Title I MSD 2015-2016	Title I Whites 16-17	Title I Whites 14/15	Title I Whites 15-16
Cash and investments - beginning	\$ 10,192	\$ -	\$ 400	\$ -	\$ -	\$ (16,391)	\$ -	\$ -	\$ (7,795)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	7,388	16,129	-	-	-	-	-	-	-
Federal sources	-	-	-	141,875	-	1,140	77,337	-	21,605
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	4,753	-	-	-	-	-	-	-	-
Total receipts	12,141	16,129	-	141,875	-	1,140	77,337	-	21,605
Disbursements:									
Instruction	-	15,688	-	153,476	-	(15,251)	55,585	-	13,810
Support services	1,895	-	487	2,000	-	-	29,953	-	-
Noninstructional services	-	-	-	-	-	-	176	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,895	15,688	487	155,476	-	(15,251)	85,714	-	13,810
Excess (deficiency) of receipts over disbursements	10,246	441	(487)	(13,601)	-	16,391	(8,377)	-	7,795
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	300	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	300	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,246	441	(187)	(13,601)	-	16,391	(8,377)	-	7,795
Cash and investments - ending	\$ 20,438	\$ 441	\$ 213	\$ (13,601)	\$ -	\$ -	\$ (8,377)	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants 14/15	WMAP Big Grant 15-16	1427-058-PN01 16-17	Preschool 14/15	Preschool 15-16	Preschool 16-17	Improving Teacher Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ (15,728)	\$ (122,560)	\$ -	\$ -	\$ (13,970)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	24,932	893,385	1,158,295	-	32,326	33,777	17,502
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	24,932	893,385	1,158,295	-	32,326	33,777	17,502
Disbursements:								
Instruction	-	4,720	304,146	201,026	-	1,258	33,777	-
Support services	-	4,484	548,581	1,012,307	-	17,098	-	27,790
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	12,660	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	9,204	865,387	1,213,333	-	18,356	33,777	27,790
Excess (deficiency) of receipts over disbursements	-	15,728	27,998	(55,038)	-	13,970	-	(10,288)
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	-	15,728	27,998	(55,038)	-	13,970	-	(10,288)
Cash and investments - ending	\$ -	\$ -	\$ (94,562)	\$ (55,038)	\$ -	\$ -	\$ -	\$ (10,288)

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title II Part A 15-16	SMR E-Learn 2016/T-II	T-II Part A (HQ) 14/15	Limited English Grant	Title III Limited English 14-15	Title III Limited English 16-18	Clearing	Totals
Cash and investments - beginning	\$ (3,428)	\$ (12,301)	\$ -	\$ -	\$ -	\$ -	\$ 110,976	\$ 3,325,163
Receipts:								
Local sources	-	-	-	-	-	-	-	8,936,922
Intermediate sources	-	-	-	-	-	-	-	112,954
State sources	-	-	-	-	-	-	-	13,496,858
Federal sources	29,864	14,000	-	-	-	-	-	2,897,341
Temporary loans	-	-	-	-	-	-	-	650,662
Other receipts	-	-	-	-	-	-	9,903,934	10,173,317
Total receipts	29,864	14,000	-	-	-	-	9,903,934	36,268,054
Disbursements:								
Instruction	-	-	-	-	-	490	-	10,325,519
Support services	26,436	1,699	-	-	-	-	-	8,507,044
Noninstructional services	-	-	-	-	-	-	-	1,147,841
Facilities acquisition and construction	-	-	-	-	-	-	-	949,205
Debt service	-	-	-	-	-	-	-	4,281,130
Nonprogrammed charges	-	-	-	-	-	-	9,967,431	10,275,438
Total disbursements	26,436	1,699	-	-	-	490	9,967,431	35,486,177
Excess (deficiency) of receipts over disbursements	3,428	12,301	-	-	-	(490)	(63,497)	781,877
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	3,088,564
Sale of capital assets	-	-	-	-	-	-	-	181,038
Transfers in	-	-	-	-	-	-	-	639,681
Transfers out	-	-	-	-	-	-	-	(639,681)
Total other financing sources (uses)	-	-	-	-	-	-	-	3,269,602
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,428	12,301	-	-	-	(490)	(63,497)	4,051,479
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (490)	\$ 47,479	\$ 7,376,642

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 613,480</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
MSD of Wabash County Multi-School Building Corporation	Remodel MNE and SES	\$ 865,000	7/15/2016	1/15/2019
MSD of Wabash County Multi-School Building Corporation	Remodel of Southwood/Northfield/Metro North	912,000	7/15/2011	1/15/2023
Suntrust Leasing Corporation	HVAC Upgrade Northfield/Southwood	<u>343,057</u>	1/15/2008	7/15/2017
Total of annual lease payments		<u>\$ 2,120,057</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General Obligation Bonds	Finance Buildings and Grounds Projects		\$ 3,000,000	\$ 95,750
General Obligation Bonds	School Severance Taxable Program, Series 2013		<u>480,000</u>	<u>336,836</u>
Totals			<u>\$ 3,480,000</u>	<u>\$ 432,586</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF WABASH COUNTY, WABASH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Wabash County's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Child Nutrition Cluster

As described in item 2017-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles and Program Income that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

Unmodified Opinion on the Title I Grants to Local Education Agencies

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 Title I Grants to Local Educational Agencies identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2015 to June 30, 2017.

Other Matters

The School Corporation's response to the noncompliance finding 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 the Uniform Guidance, 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.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002 and 2017-003, 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)

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 19, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			SY 2015-2016	\$ -	\$ 64,847	\$ -	\$ -
			SY 2016-2017	-	-	-	72,660
Total - School Breakfast Program				-	64,847	-	72,660
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			SY 2015-2016	-	335,982	-	-
School Lunch - Commodities			SY 2015-2016	-	51,889	-	-
School Lunch			SY 2016-2017	-	-	-	378,643
School Lunch - Commodities			SY 2016-2017	-	-	-	45,141
Total - National School Lunch Program				-	387,871	-	423,784
Total - Child Nutrition Cluster				-	452,718	-	496,444
Total - Department of Agriculture				-	452,718	-	496,444
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
IDEA Part B FY 2014			14214-058-PN01	-	39,662	-	-
IDEA Part B FY 2015			14215-058-PN01	-	170,836	-	7,123
IDEA Part B FY 2016			14216-056-PN01	-	259,628	-	258,661
IDEA Part B FY 2017			14217-056-PN01	-	-	-	335,692
Total - Special Education Grants to States				-	470,126	-	601,476
Special Education Preschool Grants	Indiana Department of Education	84.173					
IDEA Preschool Grant FY 2015			45715-058-PN01	-	6,826	-	-
IDEA Preschool Grant FY 2016			45716-056-PN01	-	8,469	-	7,170
IDEA Preschool Grant FY 2017			45717-056-PN01	-	-	-	7,557
Total - Special Education Preschool Grants				-	15,295	-	14,727
Total - Special Education Cluster (IDEA)				-	485,421	-	616,203

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I, Part A, Basic Grant FY 2015			MSD 14-15	-	30,940	-	-
Title I, Part A, Basic Grant FY 2016			MSD 15-16	-	183,908	-	1,140
Title I, Part A, Basic Grant FY 2017			MSD 16-17	-	-	-	141,875
Total - Title I Grants to Local Educational Agencies				-	214,848	-	143,015
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013					
Title I, Part D, Basic Delinquent Grant FY 2015			White's 14-15	-	20,996	-	-
Title I, Part D, Basic Delinquent Grant FY 2016			White's 15-16	-	89,847	-	21,605
Title I, Part D, Basic Delinquent Grant FY 2017			White's 16-17	-	-	-	77,337
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	110,843	-	98,942
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
FY 14			FY 14-15	-	31,266	-	-
FY 15-16			A58-5-15CI-2474	-	19,999	-	-
FY 15			S367A150015	-	32,513	-	29,864
FY 15			A58-6-16CI-3427	-	-	-	17,502
FY 16			S367A160013	-	-	-	14,000
Total - Supporting Effective Instruction State Grants				-	83,778	-	61,366
Total - Department of Education				-	894,890	-	919,526
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
FY 2015-2016			FY 15-16	-	14,630	-	-
FY 2016-2017			FY 16-17	-	-	-	5,235
Total - Medical Assistance Program				-	14,630	-	5,235
Total - Medicaid Cluster				-	5,235	-	14,630
Total - Department of Health and Human Services				-	14,630	-	5,235
Total federal awards expended				\$ -	\$ 1,362,238	\$ -	\$ 1,421,205

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFAs of the member school corporations as appropriate.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
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?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies	Qualified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

Section II - Financial Statement Findings

FINDING 2017-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer was the person solely responsible for preparing and submitting the SEFA. There was no segregation of duties documented, such as an oversight, review, approval process, or other compensating control.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The lack of controls was a systemic problem throughout the audit period. The SEFA contained the following errors:

1. The Child Nutrition Cluster programs were not identified separately and commodities were not considered in reporting.
2. The Title I Grants to Local Educational Agencies and Supporting Effective Instruction State Grants were not properly classified.
3. The Special Education Cluster (IDEA) programs were not properly reported.
4. The School Corporation listed some grants that were not federal.

In total, the SEFA was overstated in fiscal year 2016 by \$1,425,871, and in fiscal year 2017 by \$591,853. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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

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

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

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the preparation of the SEFA.

Views of Responsible Officials

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

Condition

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

The School Corporation did not have proper oversight and monitoring of the preparation and reporting of the School Food Authority (SFA) Verification Collection Reports for the School Lunch fund. There was no segregation of duties documented, such as an oversight, review, or approval process, or other compensating control over the preparation and reporting of the School Food Authority (SFA) Verification Collection Reports.

Context

This was a systemic problem throughout the audit period, as no controls existed for the School Food Authority (SFA) Verification Collection Reports that were filed with the Indiana Department of Education for both years.

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles and Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 2015-2016, SY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles and Program Income
Audit Findings: Material Weakness, Modified Opinion

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles and Program Income compliance requirements.

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Allowable Costs/Cost Principles

Ten percent of the total payroll disbursements paid from the School Lunch fund were to employees who worked on multiple activities or cost objectives during SY 2015-2016 and SY 2016-2017. Personnel activity reports or other documentation of personnel expenses were not maintained for those employees who worked on multiple activities or cost objectives that were being paid from the School Lunch fund. Total payroll disbursements for those employees amounted to \$64,734 during SY 2015-2016 and SY 2016-2017.

Program Income

The School Corporation had not effectively implemented the monitoring of internal controls to ensure that program income was properly being used from the School Lunch fund.

Context

The lack of controls and the noncompliance were systemic issues 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). . . ."

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

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation. . . ."

(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, . . .

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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 200.430(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (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. . . ."

7 CFR 210.2 states in part: ". . . *Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services. . . ."

7 CFR 210.14(a) states:

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

7 CFR 220.2 states in part: ". . . *Nonprofit school food service* means all food service operations conducted by the School Food Authority principally for the benefit of school children, all of the revenue from which is used solely for the operation or improvement of such food service. . . ."

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 220.13(i) states:

"Each State agency, or FNS where applicable, shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. The system shall prescribe the allowability of nonprofit school food service expenditures in accordance with this part and 7 CFR part 3015, and 7 CFR part 3016 or 7 CFR part 3019, as applicable. The system shall permit determination of school food service net cash resources, and shall include any criteria for approval of net cash resources in excess of three months average expenditures. In addition, School Food Authorities shall be required to account separately for other food services which are operated by the School Food Authority."

7 CFR 225.6(e) states in part:

"*State-Sponsor agreement.* A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

(12) Maintain a financial management system as prescribed by the State agency; . . ."

2 CFR 200.307(e) states in part:

"*Use of program income.* If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures.

(1) *Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project. . . ."

Cause

The School Corporation had not developed or implemented a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles and Program Income compliance requirements.

Effect

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

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

Known questioned costs of \$64,734 were identified, as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation establish effective controls to ensure compliance and comply with the Allowable Costs/Cost Principles and Program Income compliance requirements.

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Chris Kuhn
Contact Phone Number: 260-563-8050

Status of Audit Finding:

The findings will require review of the various errors in which a control will be established utilizing the business office staff to ensure that errors will be prevented, detected, and/or corrected when preparing the annual report.



Chris Kuhn
Assistant Superintendent of Finance and Operations
May 7, 2018



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002

Fiscal year in which the finding initially occurred: 2015
Contact Person Responsible for Corrective Action: Chris Kuhn
Contact Phone Number: 260-563-8050

Status of Audit Finding:

The audit finding has been corrected and we currently have a second staff member that reviews the financial activities as part of the segregation of duties.



Chris Kuhn
Assistant Superintendent of Finance and Operations
May 7, 2018



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Chris Kuhn

Contact Phone Number: 260-563-8050

Status of Audit Finding:

The finding has been corrected. We have assigned the appropriate staff members to oversee and monitor all deficiencies noted in Finding 2015-003.



Chris Kuhn
Assistant Superintendent of Finance and Operations
June 12, 2018



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Chris Kuhn

Contact Phone Number: 260-563-8050

Status of Audit Finding:

The finding has been corrected. An updated inventory has been taken and signed by two members of the staff and we will continue to update as new purchases are made.



Chris Kuhn

Assistant Superintendent of Finance and Operations

May 23, 2018





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Chris Kuhn

Contact Phone Number: 260-563-8050

Status of Audit Finding:

The finding has been corrected and we currently have two staff members (Assistant Superintendent of Finance and Food Service Director) who do review and sign the PLE tool that is sent to the IDOE.

Chris Kuhn

Assistant Superintendent of Finance and Operations

May 23, 2018





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-006

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Chris Kuhn

Contact Phone Number: 260-563-8050

Status of Audit Finding:

Highly Qualified teachers and paraprofessionals:

The finding has been corrected. Cheryl Roser (admin assistant/HR responsibilities) and the Assistant Superintendent of Finance and Operations (Chris Kuhn) review the documentation submitted by Principals and new employees to verify Highly Qualified status. Those are signed/initialed by Cheryl Roser and Chris Kuhn.

Annual Report Card, High School Graduation Rate

The finding has been corrected and we are currently having two members of the building staff verifying and signing withdrawal forms.

Chris Kuhn
Assistant Superintendent of Finance and Operations
May 23, 2018





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-007

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Chris Kuhn

Contact Phone Number: 260-583-8050

Status of Audit Finding:

The finding has been corrected and we currently have two staff members (Assistant Superintendent of Curriculum and Accounts payable) who do review and sign the Claims for Reimbursement and Final Expenditures.

Chris Kuhn
Assistant Superintendent of Finance and Operations
May 23, 2018



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-008

Fiscal year in which the finding initially occurred: 2015

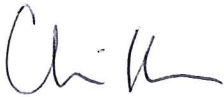
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Chris Kuhn

Contact Phone Number: 260-563-8050

Status of Audit Finding:

The finding has been corrected and we currently have two staff members (Deputy Treasurer and Accounts Payable) who review and sign the Cash Management



Chris Kuhn
Assistant Superintendent of Finance and Operations
May 23, 2018





MIKE KEAFFABER, SUPERINTENDENT
CHRIS KUHN, ASSISTANT SUPERINTENDENT OF FINANCE
TIM DRAKE, ASSISTANT SUPERINTENDENT OF CURRICULUM

DREAM BIG & WORK HARD

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Chris Kuhn, Assistant Superintendent of Finance and Operations
Contact Phone Number: 260-563-8050 Option 7

Views of Responsible Official: MSD of Wabash County concur with the finding.

Description of Corrective Action Plan:

The Assistant Superintendent of Finance and Operations will work with the Deputy Treasurer, Accounts Payable, Assistant Superintendent of Curriculum and Wabash Miami Area Program personnel to review the information that is submitted on the Gateway AFR to ensure that the schedule of expenditures of federal awards are correct.

Anticipated Completion Date:

The corrective action plan will be implemented with the 2018-2019 School Year.

Chris Kuhn
Assistant Superintendent of Finance and Operations
June 12, 2018

P: 260-563-8050 | 204 N 300 W • WABASH, IN 46992 | F: 260-569-6836



INSPIRING A COMMUNITY OF LEARNERS TO DISCOVER AND ACHIEVE
THEIR PASSION AND POTENTIAL



CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Chris Kuhn, Assistant Superintendent of Finance and Operations
Contact Phone Number: 260-563-8050 Option 7

Views of Responsible Official: MSD of Wabash County concur with the finding.

Description of Corrective Action Plan:

The Assistant Superintendent of Finance and Operations will work with the Food Service Director to make sure that there is proper oversight and monitoring of the preparations and reporting of the SFA Verification Collection Reports for the School Lunch Fund.

Anticipated Completion Date:

The Assistant Superintendent and Food Service Director will review and sign. The corrective action plan will be implemented with the 2018-2019 School Year.



Chris Kuhn
Assistant Superintendent of Finance and Operations
June 12, 2018



CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Chris Kuhn, Assistant Superintendent of Finance and Operations
Contact Phone Number: 260-563-8050 Option 7

Views of Responsible Official: MSD of Wabash County concur with the finding.

Description of Corrective Action Plan:

The Assistant Superintendent of Finance and Operations will work with the school bookkeepers, Accounts Payable, and any other personnel who is paid from the School Lunch Fund to fill out a Time and Effort log during the school year.

Anticipated Completion Date:

The corrective action plan was implemented in May of 2018 and will continue for the 18-19 School Year and beyond.



Chris Kuhn
Assistant Superintendent of Finance and Operations
June 12, 2018



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/>.