

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WABASH CITY SCHOOLS
WABASH COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
11/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michele L. Hough	07-01-15 to 06-30-19
Superintendent of Schools	Jason A. Callahan	07-01-15 to 06-30-19
President of the School Board	Kimberly A. Pinkerton Tony Pulley	01-01-16 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Wabash City Schools (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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 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

October 18, 2018



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302 WEST WASHINGTON STREET
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Telephone: (317) 232-2513
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE WABASH CITY SCHOOLS, 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 Wabash City Schools (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 October 18, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

October 18, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	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	\$ 231,747	\$ 9,716,860	\$ 9,782,673	\$ 429	\$ 166,363	\$ 10,509,192	\$ 10,032,646	\$ 2,679	\$ 645,588
Debt Service	219,700	853,389	1,018,374	-	54,715	1,331,270	1,381,051	-	4,934
Capital Projects	331,919	783,114	803,775	-	311,258	832,233	887,013	-	256,478
School Transportation	420,659	577,758	572,504	2,650	428,563	510,891	652,066	-	287,388
School Bus Replacement	9,546	164,899	137,571	-	36,874	156,516	114,892	4,000	82,498
Rainy Day	258,151	19,403	-	-	277,554	-	18,745	-	258,809
School Lunch	1,623	985,403	903,728	-	83,298	1,066,433	1,010,241	-	139,490
Textbook Rental	281,786	323,442	239,488	47,806	413,546	255,914	327,720	62,585	404,325
Vernon Manner	-	-	-	-	-	683,917	212,406	-	471,511
Alternative Education	13,944	12,159	13,753	-	12,350	10,912	23,262	-	-
Early Intervention Grant	13	-	-	-	13	-	-	-	13
Protected Fund (Trust IN)	413,394	987	69,550	-	344,831	-	344,831	-	-
Daymude Tutoring Program	19,480	34,000	39,719	-	13,761	33,000	38,427	-	8,334
Wells Fargo / Yopst Special Grant	13,821	-	13,821	-	-	-	-	-	-
Scholarships and Awards - Burcroff	2,258	-	-	-	2,258	-	-	-	2,258
Scholarships and Awards - Shand	2,074	-	-	-	2,074	-	-	-	2,074
Construction, Remodeling, and Equipping Buildings	817,668	-	544,095	-	273,573	-	174,027	-	99,546
Miscellaneous Programs	-	643,539	643,039	-	500	513,858	514,358	-	-
Dental	1,239	-	803	-	436	-	-	-	436
Protected Fund	-	-	-	-	-	347,047	-	-	347,047
Formative Assessment	-	11,219	9,522	-	1,697	15,417	15,113	-	2,001
Gifted and Talented	250	31,629	29,107	-	2,772	31,134	33,906	-	-
Secured Schools Safety Grant	-	2,750	37,624	-	(34,874)	64,208	36,628	-	(7,294)
Non-English Speaking Programs	1,207	1,407	1,109	-	1,505	-	1,376	-	129
School Technology	956	-	956	-	-	-	-	-	-
Classroom Innovation in Math	253	-	-	-	253	-	-	-	253
State Connectivity: Technology	1,297	2,140	-	-	3,437	4,044	3,437	-	4,044
Career and Technical Performance Grant	-	-	-	-	-	10,848	10,802	-	46
Performance Based Awards	-	6,701	6,620	-	81	21,349	21,430	-	-
C.L.A.S.S. Grant	34	-	-	-	34	-	-	-	34
Title I 2014-2015	(20,602)	75,542	54,940	-	-	-	-	-	-
Title I 2015-2016	-	213,128	234,359	-	(21,231)	82,055	60,824	-	-
Title I 2016-2017	-	-	-	-	-	212,733	243,194	-	(30,461)
Title V Part A Innovative Strategies 07-08	1,988	-	1,988	-	-	-	-	-	-
Title VI 2001-02 PL 103-382	29	-	29	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	3,754	62,402	72,408	-	(6,252)	65,024	82,823	-	(24,051)
Rural Schools and Low Income Program - Pass Through State	-	34,425	34,425	-	-	3,985	22,152	-	(18,167)
Title III - English Proficiency Migrant	1,407	-	1,407	-	-	2,485	2,485	-	-
Clearing - Cafeteria Prepaid	13,250	290,679	293,298	-	10,631	329,152	327,363	-	12,420
Clearing - Payroll Withholding	70,329	2,142,810	2,147,683	-	65,456	2,165,312	2,145,393	-	85,375
Clearing - Cafeteria Payroll Withholding	2,371	81,541	82,414	-	1,498	88,408	88,770	-	1,136
Totals	\$ 3,115,545	\$ 17,071,326	\$ 17,790,782	\$ 50,885	\$ 2,446,974	\$ 19,347,337	\$ 18,827,381	\$ 69,264	\$ 3,036,194

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

C. Additional Pension Plan

The School Corporation also contributes 3 percent of an annual salary on a monthly basis for each certified employee to additional pension plan (403(b) plan) unique to the School Corporation. The certified employee shall be 75 percent vested in the plan upon completion of 8 years of service and 100 percent vested in the plan upon completion of ten years of service.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants.

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporations

The School Corporation has entered into a capital lease (2011A) with the Wabash City Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$155,500 and \$78,500, respectively.

The School Corporation has entered into a capital lease (2011B) with the Wabash City Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$116,500 and \$59,250, respectively.

The School Corporation has entered into a capital lease (2014A) with the Wabash City Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$226,000 and \$312,500, respectively.

The School Corporation has entered into a capital lease (2014B) with the Wabash City Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$35,000 and \$125,500, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides health insurance to eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 231,747	\$ 219,700	\$ 331,919	\$ 420,659	\$ 9,546	\$ 258,151	\$ 1,623
Receipts:							
Local sources	107,432	853,389	783,114	571,776	164,899	19,403	366,250
Intermediate sources	13,509	-	-	-	-	-	-
State sources	9,566,197	-	-	-	-	-	7,080
Federal sources	-	-	-	-	-	-	609,291
Other receipts	29,722	-	-	5,982	-	-	2,782
Total receipts	9,716,860	853,389	783,114	577,758	164,899	19,403	985,403
Disbursements:							
Instruction	6,355,194	-	-	-	-	-	2,602
Support services	3,250,740	46,482	684,245	572,504	137,571	-	12,530
Noninstructional services	176,739	-	-	-	-	-	888,596
Facilities acquisition and construction	-	-	119,530	-	-	-	-
Debt services	-	971,892	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	9,782,673	1,018,374	803,775	572,504	137,571	-	903,728
Excess (deficiency) of receipts over disbursements	(65,813)	(164,985)	(20,661)	5,254	27,328	19,403	81,675
Other financing sources (uses):							
Sale of capital assets	429	-	-	2,650	-	-	-
Total other financing sources (uses)	429	-	-	2,650	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(65,384)	(164,985)	(20,661)	7,904	27,328	19,403	81,675
Cash and investments - ending	\$ 166,363	\$ 54,715	\$ 311,258	\$ 428,563	\$ 36,874	\$ 277,554	\$ 83,298

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

	Textbook Rental	Vernon Manner	Alternative Education	Early Intervention Grant	Protected Fund (Trust IN)	Daymude Tutoring Program	Wells Fargo / Yopst Special Grant
Cash and investments - beginning	\$ 281,786	\$ -	\$ 13,944	\$ 13	\$ 413,394	\$ 19,480	\$ 13,821
Receipts:							
Local sources	213,065	-	-	-	987	34,000	-
Intermediate sources	-	-	-	-	-	-	-
State sources	110,377	-	12,159	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	323,442	-	12,159	-	987	34,000	-
Disbursements:							
Instruction	-	-	13,753	-	3,050	9,619	-
Support services	239,488	-	-	-	66,500	30,100	13,821
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	239,488	-	13,753	-	69,550	39,719	13,821
Excess (deficiency) of receipts over disbursements	83,954	-	(1,594)	-	(68,563)	(5,719)	(13,821)
Other financing sources (uses):							
Sale of capital assets	47,806	-	-	-	-	-	-
Total other financing sources (uses)	47,806	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	131,760	-	(1,594)	-	(68,563)	(5,719)	(13,821)
Cash and investments - ending	\$ 413,546	\$ -	\$ 12,350	\$ 13	\$ 344,831	\$ 13,761	\$ -

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

	Scholarships and Awards - Burcroff	Scholarships and Awards - Shand	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Dental	Protected Fund	Formative Assessment
Cash and investments - beginning	\$ 2,258	\$ 2,074	\$ 817,668	\$ -	\$ 1,239	\$ -	\$ -
Receipts:							
Local sources	-	-	-	643,539	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	11,219
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	643,539	-	-	11,219
Disbursements:							
Instruction	-	-	5,950	-	-	-	9,522
Support services	-	-	538,145	643,039	803	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	544,095	643,039	803	-	9,522
Excess (deficiency) of receipts over disbursements	-	-	(544,095)	500	(803)	-	1,697
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(544,095)	500	(803)	-	1,697
Cash and investments - ending	\$ 2,258	\$ 2,074	\$ 273,573	\$ 500	\$ 436	\$ -	\$ 1,697

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

	Gifted and Talented	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Classroom Innovation in Math	State Connectivity: Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ 250	\$ -	\$ 1,207	\$ 956	\$ 253	\$ 1,297	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	31,629	2,750	1,407	-	-	2,140	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	31,629	2,750	1,407	-	-	2,140	-
Disbursements:							
Instruction	28,772	37,624	1,109	-	-	-	-
Support services	335	-	-	956	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	29,107	37,624	1,109	956	-	-	-
Excess (deficiency) of receipts over disbursements	2,522	(34,874)	298	(956)	-	2,140	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,522	(34,874)	298	(956)	-	2,140	-
Cash and investments - ending	\$ 2,772	\$ (34,874)	\$ 1,505	\$ -	\$ 253	\$ 3,437	\$ -

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

	Performance Based Awards	C.L.A.S.S. Grant	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title V Part A Innovative Strategies 07-08	Title VI 2001-02 PL 103-382
Cash and investments - beginning	\$ -	\$ 34	\$ (20,602)	\$ -	\$ -	\$ 1,988	\$ 29
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	6,701	-	-	-	-	-	-
Federal sources	-	-	75,542	213,128	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	6,701	-	75,542	213,128	-	-	-
Disbursements:							
Instruction	6,620	-	51,279	228,930	-	-	-
Support services	-	-	3,335	2,406	-	1,988	29
Noninstructional services	-	-	326	3,023	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	6,620	-	54,940	234,359	-	1,988	29
Excess (deficiency) of receipts over disbursements	81	-	20,602	(21,231)	-	(1,988)	(29)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	81	-	20,602	(21,231)	-	(1,988)	(29)
Cash and investments - ending	\$ 81	\$ 34	\$ -	\$ (21,231)	\$ -	\$ -	\$ -

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

	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - English Proficiency Migrant	Clearing - Cafeteria Prepaid	Clearing - Payroll Withholding	Clearing - Cafeteria Payroll Withholding	Totals
Cash and investments - beginning	\$ 3,754	\$ -	\$ 1,407	\$ 13,250	\$ 70,329	\$ 2,371	\$ 3,115,545
Receipts:							
Local sources	9,042	-	-	-	-	-	3,766,896
Intermediate sources	-	-	-	-	-	-	13,509
State sources	-	-	-	-	-	-	9,751,659
Federal sources	53,360	34,425	-	-	-	-	985,746
Other receipts	-	-	-	290,679	2,142,810	81,541	2,553,516
Total receipts	62,402	34,425	-	290,679	2,142,810	81,541	17,071,326
Disbursements:							
Instruction	-	1,483	-	-	-	-	6,755,507
Support services	72,408	32,942	1,407	-	-	-	6,351,774
Noninstructional services	-	-	-	-	-	-	1,068,684
Facilities acquisition and construction	-	-	-	-	-	-	119,530
Debt services	-	-	-	-	-	-	971,892
Nonprogrammed charges	-	-	-	293,298	2,147,683	82,414	2,523,395
Total disbursements	72,408	34,425	1,407	293,298	2,147,683	82,414	17,790,782
Excess (deficiency) of receipts over disbursements	(10,006)	-	(1,407)	(2,619)	(4,873)	(873)	(719,456)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	50,885
Total other financing sources (uses)	-	-	-	-	-	-	50,885
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,006)	-	(1,407)	(2,619)	(4,873)	(873)	(668,571)
Cash and investments - ending	\$ (6,252)	\$ -	\$ -	\$ 10,631	\$ 65,456	\$ 1,498	\$ 2,446,974

WABASH CITY SCHOOLS
 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 166,363	\$ 54,715	\$ 311,258	\$ 428,563	\$ 36,874	\$ 277,554	\$ 83,298
Receipts:							
Local sources	235,696	1,331,270	832,233	510,891	156,516	-	392,035
Intermediate sources	53	-	-	-	-	-	-
State sources	10,248,168	-	-	-	-	-	6,862
Federal sources	-	-	-	-	-	-	665,082
Other receipts	25,275	-	-	-	-	-	2,454
Total receipts	10,509,192	1,331,270	832,233	510,891	156,516	-	1,066,433
Disbursements:							
Instruction	6,390,800	-	-	-	-	18,745	2,060
Support services	3,461,126	-	745,266	652,066	98,875	-	25,476
Noninstructional services	180,720	-	-	-	-	-	982,705
Facilities acquisition and construction	-	-	141,747	-	-	-	-
Debt services	-	1,381,051	-	-	16,017	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	10,032,646	1,381,051	887,013	652,066	114,892	18,745	1,010,241
Excess (deficiency) of receipts over disbursements	476,546	(49,781)	(54,780)	(141,175)	41,624	(18,745)	56,192
Other financing sources (uses):							
Proceeds of long-term debt	225	-	-	-	-	-	-
Sale of capital assets	2,454	-	-	-	4,000	-	-
Total other financing sources (uses)	2,679	-	-	-	4,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	479,225	(49,781)	(54,780)	(141,175)	45,624	(18,745)	56,192
Cash and investments - ending	\$ 645,588	\$ 4,934	\$ 256,478	\$ 287,388	\$ 82,498	\$ 258,809	\$ 139,490

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

	Textbook Rental	Vernon Manner	Alternative Education	Early Intervention Grant	Protected Fund (Trust IN)	Daymude Tutoring Program	Wells Fargo / Yopst Special Grant
Cash and investments - beginning	\$ 413,546	\$ -	\$ 12,350	\$ 13	\$ 344,831	\$ 13,761	\$ -
Receipts:							
Local sources	151,663	596,154	-	-	-	33,000	-
Intermediate sources	-	-	-	-	-	-	-
State sources	104,251	-	10,912	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	87,763	-	-	-	-	-
Total receipts	255,914	683,917	10,912	-	-	33,000	-
Disbursements:							
Instruction	-	162,411	23,262	-	-	652	-
Support services	327,720	49,995	-	-	344,831	37,775	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	327,720	212,406	23,262	-	344,831	38,427	-
Excess (deficiency) of receipts over disbursements	(71,806)	471,511	(12,350)	-	(344,831)	(5,427)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	62,585	-	-	-	-	-	-
Total other financing sources (uses)	62,585	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,221)	471,511	(12,350)	-	(344,831)	(5,427)	-
Cash and investments - ending	\$ 404,325	\$ 471,511	\$ -	\$ 13	\$ -	\$ 8,334	\$ -

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

	Scholarships and Awards - Burcroff	Scholarships and Awards - Shand	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Dental	Protected Fund	Formative Assessment
Cash and investments - beginning	\$ 2,258	\$ 2,074	\$ 273,573	\$ 500	\$ 436	\$ -	\$ 1,697
Receipts:							
Local sources	-	-	-	513,858	-	2,216	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	15,417
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	344,831	-
Total receipts	-	-	-	513,858	-	347,047	15,417
Disbursements:							
Instruction	-	-	-	-	-	-	15,113
Support services	-	-	174,027	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	514,358	-	-	-
Total disbursements	-	-	174,027	514,358	-	-	15,113
Excess (deficiency) of receipts over disbursements	-	-	(174,027)	(500)	-	347,047	304
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(174,027)	(500)	-	347,047	304
Cash and investments - ending	\$ 2,258	\$ 2,074	\$ 99,546	\$ -	\$ 436	\$ 347,047	\$ 2,001

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

	Gifted and Talented	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology	Classroom Innovation in Math	State Connectivity: Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ 2,772	\$ (34,874)	\$ 1,505	\$ -	\$ 253	\$ 3,437	\$ -
Receipts:							
Local sources	-	14,936	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	31,134	12,419	-	-	-	4,044	10,848
Federal sources	-	-	-	-	-	-	-
Other receipts	-	36,853	-	-	-	-	-
Total receipts	31,134	64,208	-	-	-	4,044	10,848
Disbursements:							
Instruction	32,645	36,628	1,376	-	-	-	10,802
Support services	1,261	-	-	-	-	3,437	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	33,906	36,628	1,376	-	-	3,437	10,802
Excess (deficiency) of receipts over disbursements	(2,772)	27,580	(1,376)	-	-	607	46
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,772)	27,580	(1,376)	-	-	607	46
Cash and investments - ending	\$ -	\$ (7,294)	\$ 129	\$ -	\$ 253	\$ 4,044	\$ 46

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2017

	Performance Based Awards	C.L.A.S.S. Grant	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title V Part A Innovative Strategies 07-08	Title VI 2001-02 PL 103-382
Cash and investments - beginning	\$ 81	\$ 34	\$ -	\$ (21,231)	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	20,688	-	-	-	-	-	-
Federal sources	-	-	-	82,055	212,733	-	-
Other receipts	661	-	-	-	-	-	-
Total receipts	21,349	-	-	82,055	212,733	-	-
Disbursements:							
Instruction	21,430	-	-	60,824	229,771	-	-
Support services	-	-	-	-	10,878	-	-
Noninstructional services	-	-	-	-	2,545	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	21,430	-	-	60,824	243,194	-	-
Excess (deficiency) of receipts over disbursements	(81)	-	-	21,231	(30,461)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(81)	-	-	21,231	(30,461)	-	-
Cash and investments - ending	\$ -	\$ 34	\$ -	\$ -	\$ (30,461)	\$ -	\$ -

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

	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - English Proficiency Migrant	Clearing - Cafeteria Prepaid	Clearing - Payroll Withholding	Clearing - Cafeteria Payroll Withholding	Totals
Cash and investments - beginning	\$ (6,252)	\$ -	\$ -	\$ 10,631	\$ 65,456	\$ 1,498	\$ 2,446,974
Receipts:							
Local sources	-	-	-	-	-	-	4,770,468
Intermediate sources	-	-	-	-	-	-	53
State sources	-	-	-	-	-	-	10,464,743
Federal sources	65,024	3,985	2,485	-	-	-	1,031,364
Other receipts	-	-	-	329,152	2,165,312	88,408	3,080,709
Total receipts	65,024	3,985	2,485	329,152	2,165,312	88,408	19,347,337
Disbursements:							
Instruction	248	1,475	2,485	-	-	-	7,010,727
Support services	82,575	20,677	-	-	-	-	6,035,985
Noninstructional services	-	-	-	-	-	-	1,165,970
Facilities acquisition and construction	-	-	-	-	-	-	141,747
Debt services	-	-	-	-	-	-	1,397,068
Nonprogrammed charges	-	-	-	327,363	2,145,393	88,770	3,075,884
Total disbursements	82,823	22,152	2,485	327,363	2,145,393	88,770	18,827,381
Excess (deficiency) of receipts over disbursements	(17,799)	(18,167)	-	1,789	19,919	(362)	519,956
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	225
Sale of capital assets	-	-	-	-	-	-	69,039
Total other financing sources (uses)	-	-	-	-	-	-	69,264
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,799)	(18,167)	-	1,789	19,919	(362)	589,220
Cash and investments - ending	\$ (24,051)	\$ (18,167)	\$ -	\$ 12,420	\$ 85,375	\$ 1,136	\$ 3,036,194

WABASH CITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 414,906</u>	<u>\$ 72,680</u>

WABASH CITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Crossroads Banking Center	Bus Lease	\$ 32,035	07/01/2017	01/01/2022
Crossroads Banking Center	1:1 Computer Lease	185,998	01/01/2017	06/30/2019
Wabash City Schools Building Corporation	First Mortgage Bonds 2011 A	154,000	07/15/2012	01/15/2027
Wabash City Schools Building Corporation	First Mortgage Bonds 2011 B	127,500	01/15/2013	01/15/2027
Wabash City Schools Building Corporation	First Mortgage Refunding & Improvement Bonds 2014	250,500	06/30/2014	12/31/2028
Wabash City Schools Building Corporation	First Mortgage Refunding & Improvement Bonds 2014 B	<u>186,500</u>	06/30/2015	12/31/2022
Total of annual lease payments		<u>\$ 936,533</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2015 GO Bond - Renovations and Computers	\$ 665,000	\$ 340,000
Notes and loans payable	Common School Loan	<u>800,000</u>	<u>230,000</u>
Totals		<u>\$ 1,465,000</u>	<u>\$ 570,000</u>

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WABASH CITY SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 527,670
Infrastructure	62,382
Buildings	29,794,505
Improvements other than buildings	
Machinery, equipment, and vehicles	<u>1,979,542</u>
Total capital assets	<u>\$ 32,364,099</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Wabash City Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2015 to June 30, 2017.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, 2017-003, 2017-004, and 2017-005. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 2017-001, 2017-002, 2017-003, 2017-004, and 2017-005, that we consider to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

October 18, 2018

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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.

WABASH CITY SCHOOLS
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 Program			FY 2015-2016	\$ -	\$ 122,350	\$ -	\$ -
School Breakfast Program			FY 2016-2017	-	-	-	128,963
Total - School Breakfast Program				-	122,350	-	128,963
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch - Commodities			FY 2015-2016	-	422,926	-	-
School Lunch Program			FY 2015-2016	-	56,701	-	-
School Lunch - Commodities			FY 2016-2017	-	-	-	452,810
School Lunch - Commodities			FY 2016-2017	-	-	-	88,810
Total - National School Lunch Program				-	479,627	-	541,620
Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education	10.559					
Summer Food Service Program			FY 2015-2016	-	64,016	-	-
Summer Food Service Program			FY 2016-2017	-	-	-	63,308
Total - Summer Food Service Program for Children				-	64,016	-	63,308
Total - Child Nutrition Cluster				-	665,993	-	733,891
Child Nutrition Discretionary Grants Limited Availability							
2015 National School Lunch Equipment Grant	Indiana Department of Education	10.579	A58-7-17SS-3811	-	-	-	20,000
Total - Department of Agriculture				-	665,993	-	753,891
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
IDEA Part B FY 2014	Indiana Department of Education	84.027	14214-058-PN01	-	28,147	-	-
IDEA Part B FY 2015			14215-058-PN01	-	121,918	-	5,083
IDEA Part B FY 2016			14216-056-PN01	-	185,391	-	184,701
IDEA Part B FY 2017			14217-058-PN01	-	-	-	232,273
Total - Special Education Grants to States				-	335,456	-	422,057
Special Education Preschool Grants							
IDEA Preschool Grant FY 2015	Indiana Department of Education	84.173	45715-058-PN01	-	8,121	-	-
IDEA Preschool Grant FY 2015			45716-056-PN01	-	10,053	-	8,511
IDEA Preschool Grant FY 2015			45717-056-PN01	-	-	-	8,762
Total - Special Education Preschool Grants				-	18,174	-	17,273
Total - Special Education Cluster (IDEA)				-	353,630	-	439,330

WABASH CITY SCHOOLS
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			15-8060	2,000	75,540	-	-
Title I, Part A Basic Grant FY 2016			16-8060	2,000	213,127	-	82,055
Title I, Part A Basic Grant FY 2017			17-8060	-	-	4,000	212,733
				<u>4,000</u>	<u>288,667</u>	<u>4,000</u>	<u>294,788</u>
Total - Title I Grants to Local Educational Agencies							
Rural Education	Indiana Department of Education	84.358					
			FY14	-	581	-	-
			FY15	-	29,329	-	-
			FY16	-	4,515	-	3,985
				<u>-</u>	<u>34,425</u>	<u>-</u>	<u>3,985</u>
Total - Rural Education							
English Language Acquisition State Grants	Manchester Community Schools	84.365					
			FY15	-	-	-	1,265
				<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265</u>
Total - English Language Acquisition State Grants							
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			FY13	-	5,670	-	-
			FY14	2,275	31,730	-	2,872
			FY15	-	25,000	-	42,182
			FY16	-	-	-	19,770
				<u>2,275</u>	<u>62,400</u>	<u>-</u>	<u>64,824</u>
Total - Supporting Effective Instruction State Grants							
Total - Department of Education				<u>6,275</u>	<u>739,122</u>	<u>4,000</u>	<u>804,192</u>
Total federal awards expended				<u>\$ 6,275</u>	<u>\$ 1,405,115</u>	<u>\$ 4,000</u>	<u>\$ 1,558,083</u>

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

WABASH CITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 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.

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies 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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Child Nutrition Cluster - Cash Management, Program Income
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program,
 Summer Food Service Program for Children
 CFDA Numbers: 10.553, 10.555, 10.559
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirements: Cash Management, Program Income
 Audit Finding: Material Weakness

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

Cash Management (School Breakfast Program and National School Lunch Program only)

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the School Lunch fund cash balance (net cash resources) did not exceed three months average expenditures.

Program Income

The School Corporation had not established an effective internal control over verifying the proper determination and recording of program income. The School Corporation did not provide evidence of a review of the meal count activity reports for all of its schools to ensure that all program income was properly determined and recorded in the School Corporation's ledger.

The School Corporation had not established an effective internal control over verifying that the transfers from the Prepaid Lunch fund 8400 to the School Lunch fund account number 800 were accurate.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with Cash Management and Program Income compliance requirements.

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management and Program Income compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management 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.

FINDING 2017-002

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

Condition

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

The School Corporation had an onsite audit performed by Indiana Department of Education - School and Community Nutrition. This onsite audit determined that Free and Reduced Applications were approved incorrectly.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility compliance requirement.

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.6(e) states:

"*Recordkeeping.* The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit."

Cause

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

Effect

The failure to establish an effective internal control system and provide accurate Eligibility determination prevented the School Corporation from being in compliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

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

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-003

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation prepared and submitted the monthly Sponsor Claims (Claims for Reimbursement), the Annual Financial Report, and the School Food Authority (SFA) Verification Collection Report without evidence of a proper system of oversight or review.

The Annual Financial Report contained errors. The beginning and ending balances, as well as total receipts and disbursements, did not agree with the School Corporation's financial records for fiscal year 2015-2016.

The School Food Authority (SFA) Verification Collection Report for the 2015-2016 and 2016-2017 program years were completed; however, information was not available, for either year, to support the total number of applications that were reported on the School Food Authority (SFA) Verification Report in order to determine whether the correct number of applications was selected for verification.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

7 CFR 3016.20(b) states in part:

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

2 CFR 200.302(b) states in part:

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

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

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

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 an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with 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 2017-004

Subject: School Breakfast Program, National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Food Authority (SFA) Verification Collection Report for the 2015-2016 and 2016-2017 program years were completed; however, information was not available, for either year, to support the total number of applications that were reported on the School Food Authority (SFA) Verification Report in order to determine whether the correct number of applications were selected for verification.

Additionally, the Indiana Department of Education-School and Community Nutrition did an onsite audit of the School Corporation's lunch program and found an issue with eligibility. The School Corporation had incorrectly approved free and reduced applications.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 245.6a(h) states in part:

"Verification reporting and recordkeeping requirements. By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . . Local educational agencies shall retain copies of the information reported under this section and all supporting documents for a minimum of 3 years. All verified applications must be readily retrievable on an individual school basis and include all documents submitted by the household for the purpose of confirming eligibility, reproductions of those documents, or annotations made by the determining official which indicate which documents were submitted by the household and the date of submission. All relevant correspondence between the households selected for verification and the school or local educational agency must be retained. . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Views of Responsible Officials

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

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-005

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Programs: National School Lunch Program
CFDA Numbers: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation completed the annual Paid Lunch Equity calculation using the state's online template; however, these Paid Lunch Equity calculations were not used to increase meal prices.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.

(4) *Price Adjustments.*

(i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.

(ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.

(iii) *Optional price increases.* A school food authority may increase the average price by more than ten cents. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

WABASH CITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



1101 COLERAIN STREET
WABASH, IN 46982
260.563.2151

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 07/01/14-06/30/15

Contact Person Responsible for Corrective Action: Michele L. Hough
Contact Phone Number: (260) 563-2151

Status of Audit Finding: Corporation has segregated the duties of handling receipts by having the Administrative Receptionist collect cash or check from said individual and issuing a receipt. The Corporation Treasurer creates deposit ticket, at which time Deputy Treasurer verifies deposit and carries to bank for deposit.

Michele L. Hough
(Signature)

Corp. Treas.
(Title)

9/10/2018
(Date)



1101 COLERAIN STREET
WABASH, IN 46992
260.563.2151

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002

Fiscal year in which the finding initially occurred: 07/01/14-06/30/15

Contact Person Responsible for Corrective Action: Michele L. Hough
Contact Phone Number: (260) 563-2151

Status of Audit Finding: The SEFA is completed each fiscal year in cooperation with Deputy Treasurer, Grant Directors, and Guidance from a 3rd party vendor for Asset updates. The Business Manager oversees the SEFA report.

Michele L. Hough
(Signature)

Corp. Treas.
(Title)

9/10/2018
(Date)



1101 COLERAIN STREET
WABASH, IN 46382
(260) 563-2151

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: 07/01/14-06/30/15

Pass through Government Entity: Indiana Dept. of Education
Contact Person Responsible for Corrective Action: Michele L. Hough
Contact Phone Number: (260) 563-2151

Status of Audit Finding: Title 1 Expenditure Reports are verified and initialed by Corporation Treasurer and Chief Financial Officer.

It's the understanding of the Corporation Treasurer that the Title 1 Grant Coordinator is the one responsible for hiring such personnel and verifying that such personnel are Highly Qualified. Records are sent over to the Administration Office for filing in personnel files on completion of verification.

Michele L. Hough
(Signature)

Corp. Treas.
(Title)

9/10/2018
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal Year: 2016

Contact Person: Matt Stone

Contact Phone : 260-563-2151

Status of Audit Finding:

The School Corporation has created a system where the High School Principal or Assistant Principal signs off on all students who have transferred out. The guidance office then tracks those students in the school's student management system and keeps those documents in the student's permanent files for future reference. The Principal then keeps all of the information in a spreadsheet in order to calculate graduation rates.

Matthew Stone
(Signature)

CFO / COO
(Title)

10/3/18
(Date)



1101 COLERAIN STREET
WABASH, IN 46992
260.563.2151

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005

Fiscal year in which the finding initially occurred: 07/01/14-06/30/15

Pass through Government Entity: Indiana Dept. of Education
Contact Person Responsible for Corrective Action: Michele L. Hough
Contact Phone Number: (260) 563-2151

Status of Audit Finding: Corporation Treasurer has been diligent in signing off on each Title II A report and having Chief Financial Officer sign. Corporation Treasurer has been diligent in including payroll breakdowns in each payroll claim list presented to Governing Board for Approval.

Michele L. Hough
(Signature)

Corp. Treas.
(Title)

9/10/2018
(Date)



1101 COLERAIN STREET
WABASH, IN 46992
260.563.2151

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-006

Fiscal year in which the finding initially occurred: 07/01/14-06/30/15

Pass through Government Entity: Indiana Dept. of Education
Contact Person Responsible for Corrective Action: Michele L. Hough
Contact Phone Number: (260) 563-2151

Status of Audit Finding: It's the understanding of the Corporation Treasurer from the Title 1 Grant Coordinator that Time and Effort Logs are no longer required, since our Title 1 employees are 100% used for Title, and do not have shared responsibilities.

Michele L. Hough
(Signature)

Corp. Treas.
(Title)

9/10/2018
(Date)



1101 COLEBRAIN STREET
WABASH, IN 46992
260.563.2151

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-007

Fiscal year in which the finding initially occurred: 07/01/14-06/30/15

Pass through Government Entity: Indiana Dept. of Education
Contact Person Responsible for Corrective Action: Michele L. Hough
Contact Phone Number: (260) 563-2151

Status of Audit Finding: Title 2 Expenditure Reports are reviewed by the Chief Financial Officer and all Final Expenditure reports are filed.

Michele L. Hough
(Signature)

Corp. Treas.
(Title)

9/10/2018
(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Matt Stone, CFO/COO
Contact Phone : 260-563-2151

Views of Responsible Official: Wabash City Schools concur with finding.

Description of Corrective Action Plan:

The Chief Financial Officer will work with the Deputy Treasurer and Food Service Director to create a system of internal controls to track and verify the Cash Management and Program Income compliance requirements.

Anticipated Completion Date: School Year 2018-19

Matt Stone
(Signature)

CFO / COO
(Title)

10/16/18
(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Matt Stone, CFO/COO
Contact Phone : 260-563-2151

Views of Responsible Official: Wabash City Schools concur with finding.

Description of Corrective Action Plan:

The Chief Financial Officer will work with the Food Service Director to create a system of internal controls to verify and comply with the Eligibility compliance requirements.

Anticipated Completion Date: School Year 2018-19

Matt Stone
(Signature)

CFO / COO
(Title)

10/16/18
(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-003

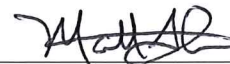
Contact Person Responsible for Corrective Action: Matt Stone, CFO/COO
Contact Phone : 260-563-2151

Views of Responsible Official: Wabash City Schools concur with finding.

Description of Corrective Action Plan:

The Chief Financial Officer will work with the Deputy Treasurer and Food Service Director to make sure that there is proper oversight and monitoring of preparations and reporting of the monthly Sponsor Claims, the Annual Financial Report and the SFA Verification Collection Reports for the School Lunch Fund

Anticipated Completion Date: School Year 2018-19



(Signature)

CFO / COO

(Title)

10/16/18

(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Corrective Action: Matt Stone, CFO/COO
Contact Phone : 260-563-2151

Views of Responsible Official: Wabash City Schools concur with finding.

Description of Corrective Action Plan:

The Chief Financial Officer will work with the Food Service Director to create a system of internal controls to ensure compliance with the Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP).

Anticipated Completion Date: School Year 2018-19

Matt Stone
(Signature)

CFO/COO
(Title)

10/16/18
(Date)



CORRECTIVE ACTION PLAN

FINDING 2017-005

Contact Person Responsible for Corrective Action: Matt Stone, CFO/COO
Contact Phone : 260-563-2151

Views of Responsible Official: Wabash City Schools concur with finding.

Description of Corrective Action Plan:

The Chief Financial Officer will work with the Food Service Director to create a system of internal controls and an immediate plan to ensure compliance with the Special Tests and Provisions – Paid Lunch Equity.

Anticipated Completion Date: School Year 2018-19



(Signature)

CFO / COO

(Title)

10/16/18

(Date)

OTHER REPORTS

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