

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTHEASTERN WAYNE SCHOOL CORPORATION  
WAYNE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
02/01/2019

*Reissued June 5, 2019,  
to correct the Schedule of  
Findings and Questioned  
Costs.*



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kay Reed	07-01-15 to 06-30-19
Superintendent of Schools	Laura Blessing	07-01-15 to 06-30-19
President of the School Board	Brad Hester Ben Austerman Keith Webster	01-01-15 to 12-31-17 01-01-18 to 03-31-18 04-01-18 to 12-31-18



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AN EQUAL OPPORTUNITY EMPLOYER

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

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

**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE NORTHEASTERN WAYNE SCHOOL  
CORPORATION, WAYNE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Northeastern Wayne School Corporation (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 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 December 13, 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

December 13, 2018



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ROOM E418  
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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

TO: THE OFFICIALS OF THE NORTHEASTERN WAYNE SCHOOL  
CORPORATION, WAYNE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Northeastern Wayne School Corporation (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 December 13, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002.

**Northeastern Wayne School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

December 13, 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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NORTHEASTERN WAYNE SCHOOL CORPORATION  
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	\$ 1,235,170	\$ 8,077,310	\$ 8,070,796	\$ 7,525	\$ 1,249,209	\$ 8,363,004	\$ 8,592,282	\$ 9,654	\$ 1,029,585
Debt Service	526,786	950,689	904,334	-	573,141	932,788	920,334	-	585,595
Retirement/Severance Bond Debt Service	84,295	197,596	241,962	-	39,929	232,707	234,822	-	37,814
Capital Projects	247,790	681,206	808,683	-	120,313	699,652	729,000	-	90,965
School Transportation	264,652	598,821	611,319	-	252,154	582,000	669,327	-	164,827
School Bus Replacement	13,843	133,288	-	-	147,131	178,734	248,792	-	77,073
Rainy Day	199,939	5,916	-	-	205,855	-	-	-	205,855
Retirement/Severance Bond	227,577	-	36,899	-	190,678	-	33,360	-	157,318
Construction 2001	5,268	-	-	-	5,268	-	-	-	5,268
Construction	129,648	39	76,352	-	53,335	27	-	-	53,362
School Lunch	186,765	512,880	480,521	-	219,124	549,211	526,577	-	241,758
Textbook Rental	47,192	168,919	195,696	-	20,415	147,070	165,181	-	2,304
Levy Excess	414	-	414	-	414	-	-	-	414
Educational License Plates	1,819	75	-	-	1,894	75	-	-	1,969
Lilly Grant	-	-	-	-	-	30,000	15,478	-	14,522
Renaissance Program	1,485	-	-	-	1,485	-	-	-	1,485
Formative Assessment	-	-	-	-	-	16,138	16,138	-	-
Gifted and Talented FY 15	5,686	-	5,686	-	-	-	-	-	-
Gifted and Talented FY 16	-	29,871	27,209	-	2,662	-	2,662	-	-
Gifted and Talented FY 17	-	-	-	-	-	29,606	17,899	-	11,707
Early Childhood Intervention (First Steps)	-	-	-	-	-	-	-	-	-
Medicaid Reimbursement	15,274	6,250	-	(424)	21,100	9,881	-	(548)	30,433
School Technology	46,964	18,757	26,660	-	39,061	18,205	27,980	-	29,286
Career and Technical Performance Grant	-	-	-	-	-	5,720	4,036	-	1,684
Miscellaneous Programs	119,767	35,490	22,984	-	132,273	30,872	36,884	-	126,261
Early Literacy Intervention Grant	-	-	-	-	-	11,650	11,650	-	-
Early Intervention Grant 2016-17	-	-	-	-	-	5,895	1,400	-	4,495
Title I 2015-16	-	209,485	317,077	-	(107,592)	107,592	-	-	-
Title I 2016-17	-	-	-	-	-	166,028	264,467	-	(98,439)
Medicaid Reimbursement - Federal	24,603	12,446	1,414	(7,101)	28,534	19,812	1,843	(9,106)	37,397
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	14,445	-	(14,445)	28,483	40,604	-	(26,566)
2015-16 Title II	(10,841)	23,217	17,463	-	(5,087)	5,087	-	-	-
Rural Schools and Low Income Program - Pass Through State	-	25,802	25,802	-	-	-	-	-	-
Title VI Rural and Low Income	-	26,083	26,083	-	-	-	29,423	-	(29,423)
Payroll Withholding	-	1,800,500	1,800,500	-	-	1,934,997	1,934,997	-	-
Textbook Rental Clearing	-	42,092	42,092	-	-	44,728	44,728	-	-
Prepaid Lunch	7,876	210,997	211,567	-	7,306	225,364	226,242	-	6,428
Totals	\$ 3,381,972	\$ 13,767,729	\$ 13,965,544	\$ -	\$ 3,184,157	\$ 14,375,326	\$ 14,796,106	\$ -	\$ 2,763,377

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

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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:

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

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

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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 to an additional pension plan unique to the School Corporation. Information regarding this plan may be obtained from the School Corporation.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants and the reimbursement for expenditures made by the School Corporation not being received by June 30, 2016 or 2017.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8.  *Holding Corporation***

The School Corporation has entered into a capital lease with Northeastern Wayne Jr./Sr. High School Building Corporation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$693,000 and \$701,000, respectively.

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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.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,235,170	\$ 526,786	\$ 84,295	\$ 247,790	\$ 264,652	\$ 13,843	\$ 199,939
Receipts:							
Local sources	62,833	950,689	197,596	647,656	581,969	133,288	5,916
Intermediate sources	20	-	-	-	-	-	-
State sources	7,971,742	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	42,715	-	-	33,550	16,852	-	-
Total receipts	8,077,310	950,689	197,596	681,206	598,821	133,288	5,916
Disbursements:							
Instruction	5,480,724	-	-	-	-	-	-
Support services	2,543,735	-	-	316,555	611,319	-	-
Noninstructional services	16,927	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	492,128	-	-	-
Debt service	29,410	904,334	241,962	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	8,070,796	904,334	241,962	808,683	611,319	-	-
Excess (deficiency) of receipts over disbursements	6,514	46,355	(44,366)	(127,477)	(12,498)	133,288	5,916
Other financing sources (uses):							
Transfers in	7,525	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	7,525	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,039	46,355	(44,366)	(127,477)	(12,498)	133,288	5,916
Cash and investments - ending	\$ 1,249,209	\$ 573,141	\$ 39,929	\$ 120,313	\$ 252,154	\$ 147,131	\$ 205,855

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Retirement/ Severance Bond	Construction 2001	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 227,577	\$ 5,268	\$ 129,648	\$ 186,765	\$ 47,192	\$ 414	\$ 1,819
Receipts:							
Local sources	-	-	39	211,471	168,919	-	-
Intermediate sources	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	301,409	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	39	512,880	168,919	-	75
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	36,899	-	-	-	195,696	-	-
Noninstructional services	-	-	-	480,521	-	-	-
Facilities acquisition and construction	-	-	76,352	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	36,899	-	76,352	480,521	195,696	-	-
Excess (deficiency) of receipts over disbursements	(36,899)	-	(76,313)	32,359	(26,777)	-	75
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,899)	-	(76,313)	32,359	(26,777)	-	75
Cash and investments - ending	\$ 190,678	\$ 5,268	\$ 53,335	\$ 219,124	\$ 20,415	\$ 414	\$ 1,894

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Lilly Grant	Renaissance Program	Formative Assessment	Gifted and Talented FY 15	Gifted and Talented FY 16	Gifted and Talented FY 17
Cash and investments - beginning	\$ -	\$ 1,485	\$ -	\$ 5,686	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	29,871	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	-	29,871	-
Disbursements:						
Instruction	-	-	-	5,686	27,209	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	-	5,686	27,209	-
Excess (deficiency) of receipts over disbursements	-	-	-	(5,686)	2,662	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(5,686)	2,662	-
Cash and investments - ending	\$ -	\$ 1,485	\$ -	\$ -	\$ 2,662	\$ -

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	School Technology	Career and Technical Performance Grant	Miscellaneous Programs	Early Literacy Intervention Grant
Cash and investments - beginning	\$ -	\$ 15,274	\$ 46,964	\$ -	\$ 119,767	\$ -
Receipts:						
Local sources	-	-	12,193	-	35,490	-
Intermediate sources	-	-	-	-	-	-
State sources	-	6,250	6,564	-	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	6,250	18,757	-	35,490	-
Disbursements:						
Instruction	-	-	26,660	-	22,984	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	26,660	-	22,984	-
Excess (deficiency) of receipts over disbursements	-	6,250	(7,903)	-	12,506	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(424)	-	-	-	-
Total other financing sources (uses)	-	(424)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,826	(7,903)	-	12,506	-
Cash and investments - ending	\$ -	\$ 21,100	\$ 39,061	\$ -	\$ 132,273	\$ -

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Early Intervention Grant 2016-17	Title I 2015-16	Title I 2016-17	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	2015-16 Title II
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 24,603	\$ -	\$ (10,841)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	209,485	-	12,446	-	23,217
Other receipts	-	-	-	-	-	-
Total receipts	-	209,485	-	12,446	-	23,217
Disbursements:						
Instruction	-	277,960	-	-	14,445	17,463
Support services	-	-	-	1,414	-	-
Noninstructional services	-	39,117	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	317,077	-	1,414	14,445	17,463
Excess (deficiency) of receipts over disbursements	-	(107,592)	-	11,032	(14,445)	5,754
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(7,101)	-	-
Total other financing sources (uses)	-	-	-	(7,101)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(107,592)	-	3,931	(14,445)	5,754
Cash and investments - ending	\$ -	\$ (107,592)	\$ -	\$ 28,534	\$ (14,445)	\$ (5,087)

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Rural Schools and Low Income Program - Pass Through State	Title VI Rural and Low Income	Payroll Withholding	Textbook Rental Clearing	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 7,876	\$ 3,381,972
Receipts:						
Local sources	-	-	-	-	-	3,008,059
Intermediate sources	-	-	-	-	-	95
State sources	-	-	-	-	-	8,014,427
Federal sources	25,802	26,083	-	-	-	598,442
Other receipts	-	-	1,800,500	42,092	210,997	2,146,706
Total receipts	25,802	26,083	1,800,500	42,092	210,997	13,767,729
Disbursements:						
Instruction	25,802	26,083	-	-	-	5,925,016
Support services	-	-	-	-	-	3,705,618
Noninstructional services	-	-	-	-	-	536,565
Facilities acquisition and construction	-	-	-	-	-	568,480
Debt service	-	-	-	-	-	1,175,706
Nonprogrammed charges	-	-	1,800,500	42,092	211,567	2,054,159
Total disbursements	25,802	26,083	1,800,500	42,092	211,567	13,965,544
Excess (deficiency) of receipts over disbursements	-	-	-	-	(570)	(197,815)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	7,525
Transfers out	-	-	-	-	-	(7,525)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(570)	(197,815)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 7,306	\$ 3,184,157

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 1,249,209	\$ 573,141	\$ 39,929	\$ 120,313	\$ 252,154	\$ 147,131	\$ 205,855
Receipts:							
Local sources	89,137	932,788	232,707	699,652	565,439	178,734	-
Intermediate sources	34	-	-	-	-	-	-
State sources	8,228,723	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	45,110	-	-	-	16,561	-	-
Total receipts	8,363,004	932,788	232,707	699,652	582,000	178,734	-
Disbursements:							
Instruction	5,909,708	-	-	-	-	-	-
Support services	2,649,010	-	-	262,357	669,327	248,792	-
Noninstructional services	13,573	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	466,643	-	-	-
Debt service	19,991	920,334	234,822	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	8,592,282	920,334	234,822	729,000	669,327	248,792	-
Excess (deficiency) of receipts over disbursements	(229,278)	12,454	(2,115)	(29,348)	(87,327)	(70,058)	-
Other financing sources (uses):							
Transfers in	9,654	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	9,654	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(219,624)	12,454	(2,115)	(29,348)	(87,327)	(70,058)	-
Cash and investments - ending	\$ 1,029,585	\$ 585,595	\$ 37,814	\$ 90,965	\$ 164,827	\$ 77,073	\$ 205,855

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Retirement/ Severance Bond	Construction 2001	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 190,678	\$ 5,268	\$ 53,335	\$ 219,124	\$ 20,415	\$ 414	\$ 1,894
Receipts:							
Local sources	-	-	27	226,158	147,070	-	-
Intermediate sources	-	-	-	-	-	-	75
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	321,353	-	-	-
Other receipts	-	-	-	1,700	-	-	-
Total receipts	-	-	27	549,211	147,070	-	75
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	33,360	-	-	-	165,181	-	-
Noninstructional services	-	-	-	526,577	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	33,360	-	-	526,577	165,181	-	-
Excess (deficiency) of receipts over disbursements	(33,360)	-	27	22,634	(18,111)	-	75
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,360)	-	27	22,634	(18,111)	-	75
Cash and investments - ending	\$ 157,318	\$ 5,268	\$ 53,362	\$ 241,758	\$ 2,304	\$ 414	\$ 1,969

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Lilly Grant	Renaissance Program	Formative Assessment	Gifted and Talented FY 15	Gifted and Talented FY 16	Gifted and Talented FY 17
Cash and investments - beginning	\$ -	\$ 1,485	\$ -	\$ -	\$ 2,662	\$ -
Receipts:						
Local sources	30,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	16,138	-	-	29,606
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	30,000	-	16,138	-	-	29,606
Disbursements:						
Instruction	15,478	-	16,138	-	2,662	17,899
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	15,478	-	16,138	-	2,662	17,899
Excess (deficiency) of receipts over disbursements	14,522	-	-	-	(2,662)	11,707
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,522	-	-	-	(2,662)	11,707
Cash and investments - ending	\$ 14,522	\$ 1,485	\$ -	\$ -	\$ -	\$ 11,707

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Early Childhood Intervention (First Steps)	Medicaid Reimbursement	School Technology	Career and Technical Performance Grant	Miscellaneous Programs	Early Literacy Intervention Grant
Cash and investments - beginning	\$ -	\$ 21,100	\$ 39,061	\$ -	\$ 132,273	\$ -
Receipts:						
Local sources	-	-	9,737	-	30,872	-
Intermediate sources	-	-	-	-	-	-
State sources	-	9,881	8,468	5,720	-	-
Federal sources	-	-	-	-	-	-
Other receipts	-	-	-	-	-	11,650
Total receipts	-	9,881	18,205	5,720	30,872	11,650
Disbursements:						
Instruction	-	-	27,980	4,036	36,884	11,650
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	27,980	4,036	36,884	11,650
Excess (deficiency) of receipts over disbursements	-	9,881	(9,775)	1,684	(6,012)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(548)	-	-	-	-
Total other financing sources (uses)	-	(548)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	9,333	(9,775)	1,684	(6,012)	-
Cash and investments - ending	\$ -	\$ 30,433	\$ 29,286	\$ 1,684	\$ 126,261	\$ -

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Early Intervention Grant 2016-17	Title I 2015-16	Title I 2016-17	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	2015-16 Title II
Cash and investments - beginning	\$ -	\$ (107,592)	\$ -	\$ 28,534	\$ (14,445)	\$ (5,087)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	107,592	166,028	19,812	28,483	5,087
Other receipts	5,895	-	-	-	-	-
Total receipts	5,895	107,592	166,028	19,812	28,483	5,087
Disbursements:						
Instruction	1,400	-	236,350	-	40,604	-
Support services	-	-	-	1,843	-	-
Noninstructional services	-	-	28,117	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	1,400	-	264,467	1,843	40,604	-
Excess (deficiency) of receipts over disbursements	4,495	107,592	(98,439)	17,969	(12,121)	5,087
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(9,106)	-	-
Total other financing sources (uses)	-	-	-	(9,106)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,495	107,592	(98,439)	8,863	(12,121)	5,087
Cash and investments - ending	\$ 4,495	\$ -	\$ (98,439)	\$ 37,397	\$ (26,566)	\$ -

NORTHEASTERN WAYNE SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH  
 AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Rural Schools and Low Income Program - Pass Through State	Title VI Rural and Low Income	Payroll Withholding	Textbook Rental Clearing	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 7,306	\$ 3,184,157
Receipts:						
Local sources	-	-	-	-	-	3,142,321
Intermediate sources	-	-	-	-	-	109
State sources	-	-	-	-	-	8,298,536
Federal sources	-	-	-	-	-	648,355
Other receipts	-	-	1,934,997	44,728	225,364	2,286,005
Total receipts	-	-	1,934,997	44,728	225,364	14,375,326
Disbursements:						
Instruction	-	29,423	-	-	-	6,350,212
Support services	-	-	-	-	-	4,029,870
Noninstructional services	-	-	-	-	-	568,267
Facilities acquisition and construction	-	-	-	-	-	466,643
Debt service	-	-	-	-	-	1,175,147
Nonprogrammed charges	-	-	1,934,997	44,728	226,242	2,205,967
Total disbursements	-	29,423	1,934,997	44,728	226,242	14,796,106
Excess (deficiency) of receipts over disbursements	-	(29,423)	-	-	(878)	(420,780)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	9,654
Transfers out	-	-	-	-	-	(9,654)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(29,423)	-	-	(878)	(420,780)
Cash and investments - ending	\$ -	\$ (29,423)	\$ -	\$ -	\$ 6,428	\$ 2,763,377

NORTHEASTERN WAYNE SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Northeastern Wayne Jr./Sr. High School Building Corporation	High School Renovation Project	\$ 712,000	06/30/2006	12/31/1930
DeLange Public Finance	Security Upgrade Project	<u>52,506</u>	04/01/2016	04/02/2018
Total of annual lease payments		<u>\$ 764,506</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Original Principal and Interest Due Within One Year
Governmental activities: General obligation bonds		Debt Service for teacher retirement	\$ 1,492,824	\$ 116,746
Notes and Loans payable		Common School Fund Loan	<u>1,865,572</u>	<u>219,334</u>
Totals			<u>\$ 3,358,396</u>	<u>\$ 336,080</u>

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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	\$ 48,000
Buildings	22,196,692
Improvements other than buildings	1,889,997
Machinery, equipment, and vehicles	<u>3,380,575</u>
Total capital assets	<u>\$ 27,515,264</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE NORTHEASTERN WAYNE SCHOOL  
CORPORATION, WAYNE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Northeastern Wayne School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed below, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in item 2017-006 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Eligibility. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

As described in item 2017-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with the requirements regarding Procurement and Suspension and Debarment that is applicable to its Child Nutrition Cluster. Compliance with such a requirement is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on the Child Nutrition Cluster***

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

***Basis for Qualified Opinion on the Special Education Cluster (IDEA)***

As described in item 2017-009 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Special Education Cluster (IDEA) regarding Level of Effort - Maintenance of Effort. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

***Qualified Opinion on the Special Education Cluster (IDEA)***

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

***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 2017-003, 2017-004, 2017-005, and 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

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

This report is replacing a report previously issued on February 1, 2019. The original report was reissued as a result of audit procedures performed subsequent to the end of fieldwork. The revised report had a finding removed that was included in the original report.

**Report on Internal Control over Compliance**

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

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


expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-009, and 2017-010, 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

December 13, 2018, except for the  
Special Education Cluster (IDEA) as  
to which the date is May 28, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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NORTHEASTERN WAYNE SCHOOL CORPORATION  
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 42,916.00
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 2015-2016	\$ -	\$ 44,683	\$ -	\$ -
			FY 2016-2017	-	-	-	50,485
Total - School Breakfast Program				-	44,683	-	50,485
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
School Lunch			FY 2015-2016	-	250,699	-	-
Commodities			FY 2016-2017	-	-	-	265,030
Commodities			FY 2015-2016	-	33,846	-	-
Commodities			FY 2016-2017	-	-	-	42,814
Total - National School Lunch Program				-	284,545	-	307,844
Total - Child Nutrition Cluster				-	329,228	-	358,329
Total - Department of Agriculture				-	329,228	-	358,329
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
			14214-013-PN01	-	696	-	-
			99914-0-PN01	-	1,067	-	-
			14215-013-PN01	-	204,015	-	999
			14216-011-PN01	-	64,741	-	204,930
			14217-011-PN01	-	-	-	81,226
Total - Special Education_Grants to States				-	270,519	-	287,155
Special Education_Preschool Grants	Indiana Department of Education	84.173					
			45715-013-PN01	-	452	-	-
			45716-011-PN01	-	1,506	-	3,629
Total - Special Education_Preschool Grants				-	1,958	-	3,629
Total - Special Education Cluster (IDEA)				-	272,477	-	290,784
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			15-8375	-	20,787	-	15,563
			16-8375	-	188,698	-	92,029
			17-8375	-	-	-	166,028
Total - Title I Grants to Local Educational Agencies				-	209,485	-	273,620
Rural Education	Indiana Department of Education	84.358					
			15-8375	-	25,802	-	-
			16-8375	-	26,083	-	-
Total - Rural Education				-	51,885	-	-
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			14-8375	-	23,217	-	5,087
			15-8375	-	-	-	28,483
Total - Supporting Effective Instruction State Grants				-	23,217	-	33,570
Total - Department of Education				-	557,064	-	597,974
Total federal awards expended				\$ -	\$ 886,292	\$ -	\$ 956,303

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

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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 weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Qualified

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

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

*Condition*

An effective internal control system was not in place at the School Corporation over receipts.

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

The Treasurer collected, receipted, deposited, and recorded the receipts into the accounting records without an oversight, approval, or other internal control process, to ensure the accuracy of the collection and posting of receipts.

*Context*

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

*Criteria*

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

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

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

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

*Cause*

Management had not established a proper system of internal control over receipts that segregated key functions.

*Effect*

The failure to establish controls over receipts could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

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

*Views of Responsible Officials*

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

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

***FINDING 2017-002***

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-002.

*Condition*

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

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

*Context*

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were understated by \$329,228 and \$358,329 for the periods ending June 30, 2016 and 2017, respectively. Included in the Child Nutrition Cluster understatement was the omission of the School Breakfast Program, National School Lunch Program, and National School Lunch Program Commodities.
2. The Special Education Cluster (IDEA) expenditures were understated by \$69,173 for the period ending June 30, 2016, and overstated by \$206,257 for the period ending June 30, 2017. Included in the overstatement, for the period ending June 30, 2017, was the double reporting of the fiscal year 2015 and fiscal year 2016 grant awards.
3. The Title I Grants to Local Educational Agencies expenditures were overstated by \$107,592 for the period ending June 30, 2016, and understated by \$19,307 for the period ending June 30, 2017.
4. The Rural Education expenditures were understated by \$25,802 for the period ending June 30, 2016. Included in the understatement was the omission of the expenditures related to the fiscal year 2015 Award.
5. The Supporting Effective Instruction State Grants expenditures were overstated by \$5,087 for the period ending June 30, 2016, and understated by \$28,483 for the period ending June 30, 2017.
6. Not all CFDA numbers, program names, grants, and identifying numbers were correct or listed.

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

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

*Criteria*

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

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

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

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

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

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

- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

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

*Effect*

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

*Recommendation*

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

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2017-003**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-008.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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 compliance requirement.

The School Corporation had not established an effective internal control system that would have ensured that its net cash resources in the School Lunch fund did not exceed the three months average expenditures. Twenty-two of the twenty-four months net cash resources exceeded its three months average expenditures.

*Context*

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

*Criteria*

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 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Cash Management compliance requirement.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2017-004**

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

*Condition*

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

The School Corporation's property records did not contain all required information. A physical inventory was completed at June 30, 2016; however, new equipment purchased after this date was not included in the record. Also, the inventory did not document which equipment was purchased in whole or in part with federal funds.

*Context*

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

*Criteria*

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

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

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

2 CFR 200.313(d) states in part:

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

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Equipment and Real Property Management 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 Equipment and Real Property Management 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 equipment requirements of the Equipment and Real Property Management compliance requirement.

*Views of Responsible Officials*

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

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

**FINDING 2017-005**

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 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 the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

The School Corporation incorrectly calculated the gross income on two of the eleven applications selected for verification causing eligibility for free and reduced prices to be evaluated incorrectly for those applications.

*Context*

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

*Criteria*

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 states in part:

". . . (c) *Verification requirement* -

- (1) *General*. The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year. . . .
- (3) *Standard sample size*. Unless eligible for an alternative sample size under paragraph (d) of this section, the sample size for each local educational agency shall equal the lesser of:

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

(i) Three (3) percent of all applications approved by the local educational agency for the school year, as of October 1 of the school year, selected from error prone applications; or

(ii) 3,000 error prone applications approved by the local educational agency for the school year, as of October 1 of the school year.

(iii) Local educational agencies shall not exceed the standard sample size in paragraphs (c)(3)(i) or (c)(3)(ii) of this section, as applicable, and, unless eligible for one of the alternative sample sizes provided in paragraph (c)(4) of this section, the local educational agency shall not use a smaller sample size than those in paragraphs (c)(3)(i) or (c)(3)(ii) of this section, as applicable.

(iv) If the number of error-prone applications exceeds the required sample size, the local educational agency shall select the required sample at random, i.e., each application has an equal chance of being selected, from the total number of error-prone applications. . . .

(f) *Verification procedures and assistance for households . . . .*

(7) *Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section. . . ."

*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 internal controls placed the School Corporation in 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.

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

*Views of Responsible Officials*

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

**FINDING 2017-006**

Subject: Child Nutrition Cluster - 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, Modified Opinion

*Condition*

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

The School Corporation had not designed or implemented adequate internal controls to ensure that the eligibility determination for free and reduced price meals was correct. There was no oversight process in place.

The School Corporation was unable to provide evidence that they complied with the eligibility requirements regarding the notification of households' eligibility criteria through public announcement.

*Context*

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

*Criteria*

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). . . ."

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

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that documentation related to the Eligibility compliance requirement was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient documentation prevented the determination of the School Corporation's 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 that documentation related to the grant agreement and the Eligibility compliance requirement will be maintained and available for audit.

*Views of Responsible Officials*

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

***FINDING 2017-007***

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-009.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not obtain bids for produce vendors. Total purchases for produce exceeded \$150,000, an amount for which Indiana Code required that a formal bidding process be followed. Produce purchases were not procured in accordance with state policies and procedures.

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

*Context*

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

*Criteria*

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). . . ."

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for bids."

2 CFR 180.300 states:

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

You do this by:

(a) Checking the SAM Exclusions; or

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

(b) Collecting a certification from that person; or

(c) Adding a clause or condition to the covered transaction with that person."

*Cause*

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

*Views of Responsible Officials*

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

***FINDING 2017-008***

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-007.

*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.

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

The Food Service Director prepared and submitted the Sponsor Claims (claim for reimbursement) and the Annual Financial Report without an oversight, approval, or other internal control process to ensure the accuracy of the reports.

*Context*

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

*Criteria*

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 to ensure compliance with the Reporting compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls 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.

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

***FINDING 2017-009***

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-013-PN01, 99914-0-PN01,  
14215-013-PN01, 14216-011-PN01,  
14217-011-PN01, 45715-013-PN01,  
45716-011-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Level of Effort compliance requirement.

In calculating the state and local expenditures for special education, to meet the Maintenance of Effort requirement of Level of Effort, the School Corporation's management failed to provide sufficient supporting documentation for the maintenance of effort calculation for fiscal year 2015-2016 and fiscal year 2016-2017. The lack of supporting documentation resulted in the inability to determine if expenditure accounts used to derive the calculated amounts were for special education services and thus allowable. Also, we were not able to determine if the expenditure accounts included in the calculation were consistent from year to year.

*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 Level of Effort compliance requirement.

*Criteria*

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). . . ."

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

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Level of Effort compliance requirement was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the Schools Corporation's compliance with the grant agreement and the Level of Effort compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Level of Effort compliance requirement be maintained and made available for audit.

*Views of Responsible Officials*

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

**FINDING 2017-010**

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

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-013-PN01, 99914-0-PN01,  
14215-013-PN01, 14216-011-PN01,  
14217-011-PN01, 45715-013-PN01,  
45716-011-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-012.

*Condition*

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

The School Corporation designated a fiscal agent to receive and manage the federal awards for the special education programs. Management of the School Corporation had not implemented controls over payroll and the fiscal agent as it related to the Allowable Costs/Cost Principles compliance requirement, specifically time and effort requirements.

*Context*

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

*Criteria*

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 the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Allowable Costs/Cost Principles - Time and Effort compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

NORTHEASTERN WAYNE SCHOOL CORPORATION  
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 Allowable Costs/Cost Principles - Time and Effort 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.



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Mr. Eric S. Green, Assistant Superintendent  
Mrs. Jackie Webb, Corporation Secretary  
Mrs. Kay Reed, Corporation Treasurer  
Mrs. Vanessa Curtis, Corporation Registrar

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2015-001 Internal Controls Over Financial Transactions and Reporting

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A  
Contact Person Responsible for Corrective Action: Kay Reed  
Contact Phone Number: 765-847-2821

Date of correction: October 2018

Status of Audit Finding: After the corporation treasurer collects and receipts the money. The payroll clerk initials deposit tickets and take the deposits to the bank.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-002 Preparation of the Schedule Expenditures of Federal Awards***

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A  
Contact Person Responsible for Corrective Action: Kay Reed  
Contact Phone Number: 765-847-2821

Date of Correction: October 2018

Status of Audit Finding: The corporation treasurer prepares the SEFA worksheet/ledger and enters the amounts that we expend and receive into each federal award. The superintendent signs-off on the ledger worksheets and reviews prior to submission into Gateway.

  
(Signature)

Superintendent

November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-003 Title I Grants to Local Educational Agencies-Internal Controls***

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Sam Pritchard  
Contact Phone Number: 765-847-2595

Status of Audit Finding:

Date of correction: January 2018  
The Title I staff complete the worksheets. The principal and the school treasurer review and sign off on the student selection worksheets.

  
\_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-004 Title I Grants to Local Educational Agencies-Cash Management and Reporting***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Kay Reed

Contact Phone Number: 765-847-2821

Status of Audit Finding:

Date of corrective action: April 2014

The School corporation treasurer prepares and submits the Reimbursement Requests. The superintendent/ and or assistant superintendent reviews and signs-off on the requests that are submitted monthly.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-005 Title I Grants to Local Educational Agencies-Allowable Costs/Costs Principles***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Sam Pritchard

Contact Phone Number: 765-847-2595

Status of Audit Finding:

Corrected action began in January 2018.

The semi-annual reports are prepared and completed by the school principal in July and January.

The ECA school treasurer reviews and signs the semi-annual certifications.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-006 Title 1 Grants to Local Educational Agencies-Suspension and Debarment***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Sam Pritchard

Contact Phone Number: 765-847-2595

Date of correction: January 2018

Prior to a purchase, a SAM search is conducted by ECA school treasurer. Results of the SAM search are attached to the purchase order and requisition that are prepared by the ECA School Treasurer. The school principal reviews and signs off on this procedure.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-007 Child Nutrition Cluster- Internal Controls***

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Rebecca Tyree  
Contact Phone Number: 765-847-2591

Status of Audit Finding:

Date of Corrective action: January 2018

The food service director prepares monthly reports and sponsor claims and the superintendent signs off on the reports

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-008 Child Nutrition Cluster-Cash Management***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Rebecca Tyree

Contact Phone Number: 765-847-2591

Date of correction: in progress

Starting in December 2018, The school treasurer will determine the three-month expenditure balance based on the prior year formula based on the cash management procedures. Treasurer and food service will review and sign the fund report that shows the cash balance each month.

Recent purchases and cost increases:

1. Director and staff raises were reviewed by the superintendent in July 2018, board recommendations were approved for wage increases.
2. Equipment purchases including a dish washer was purchased in October 2018.
3. Kitchen remodel took place in Summer 2018, new flooring, wall paint, and office furniture were updated.

  
(Signature)  
\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-009 Child Nutrition Cluster-Procurement and Suspension and Debarment***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Rebecca Tyree  
Contact Phone Number: 765-847-2591

Date of correction: in progress

Director of food service will advertise bids and seek board approval beginning December 2018 for food vendors. Board approval will document internal control.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-010 Child Nutrition Cluster-Program Income***

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Rebecca Tyree  
Contact Phone Number: 765-847-2591

Date of correction: January 2018

Status of Audit Finding: Superintendent began reviewing and signing program income to ensure accuracy.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-011 Child Nutrition Cluster- Special Tests and Provisions-Paid Lunch Equity***

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Rebecca Tyree  
Contact Phone Number: 765-847-2821

Date of correction: in progress (June 2019)

#### Status of Audit Finding:

The paid lunch equity calculation requirement will be monitored and signed off each year by Superintendent.

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-012 Special Education Cluster (IDEA)-Allowable Costs/Cost Principles***

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Liza Bates  
Contact Phone Number: 765-458-0263

#### Status of Audit Finding:

The director provides a financial report and a corresponding packet of financial information at each monthly meeting of the East Central Governing Board. The superintendents of the participating corporations review and sign off on the financial packet each month beginning October 9, 2017

#### The packet includes:

- Information about the period of availability of the grant being utilized
- Grant budget, expenses, and reimbursements to date
- Documentation of quarterly reporting
- Documentation of time and effort reporting
- Reimbursement request form for previous month's expenditures with supporting documentation, including payroll and benefits
- Claims to be reviewed prior to presentation at the fiscal agency's board meeting

This financial report and packet provide an effective internal control system for the participating corporations to demonstrate oversight over duties performed by the fiscal agent related to allowable activities, allowable costs, cash management, period of performance, and reporting requirements for their IDEA grant

  
\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
November 12, 2018



# NORTHEASTERN WAYNE SCHOOL CORPORATION

314 Main Street  
Fountain City, IN 47341  
(765) 847-2821  
www.nws.k12.in.us

Mrs. Laura Blessing, Superintendent  
Mr. Eric S. Green, Assistant Superintendent  
Mrs. Jackie Webb, Corporation Secretary  
Mrs. Kay Reed, Corporation Treasurer  
Mrs. Vanessa Curtis, Corporation Registrar

## CORRECTIVE ACTION PLAN

### ***FINDING 2017-001 Financial Transactions and Reporting***

Contact Person Responsible for Corrective Action: Corporation Treasurer  
Contact Phone Number: 765-847-2821

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

Description of Corrective Action Plan:

After the corporation treasurer collects and receipts the money. The payroll clerk initials deposit tickets and take the deposits to the bank.

Anticipated Completion Date: October 2018

### ***FINDING 2017-002 Preparation of the Schedule of Expenditures of Federal Awards***

Contact Person Responsible for Corrective Action: Corporation Treasurer  
Contact Phone Number: 765-847-2821

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

Description of Corrective Action Plan:

The corporation treasurer prepares the SEFA worksheet/ledger and enters the amounts expended and received into each federal award. The superintendent signed-off on the ledger worksheets and reviewed prior to submission into Gateway.

Anticipated Completion Date: August 2019



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## CORRECTIVE ACTION PLAN

### ***FINDING 2017-003 Child Nutrition Cluster- Cash Management***

Contact Person Responsible for Corrective Action: Corporation Treasurer  
Contact Phone Number: 765-847-2821

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

#### Description of Corrective Action Plan:

The corporation treasurer will monitor the three-month expenditure balance based on the prior year formula based on the cash management procedures. Corporation Treasurer will review fund report balances to ensure the balance does not exceed the three-month average balance. The Superintendent will review and sign the fund report that shows the cash balance each month. The calculations and fund reports will be retained for audit.

Anticipated Completion Date: June 30, 2019

### ***FINDING 2017-004 Child Nutrition Cluster-Equipment and Real Property Management***

Contact Person Responsible for Corrective Action: Assistant Superintendent  
Contact Phone Number: 765-847-2821

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

#### Description of Corrective Action Plan:

The Assistant Superintendent will work with the Food Service Director to make sure all equipment acquisitions and disposals are included in the bi-annual asset tagging exercise. The capital asset report will provide a breakdown of what funds were used to purchase equipment.

Anticipated Completion Date: June 30, 2019



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## CORRECTIVE ACTION PLAN

### ***FINDING 2017-005 Child Nutrition Cluster-Special Tests and Provisions-Verification of Free and Reduced Price Applications (NSLP)***

Contact Person Responsible for Corrective Action: Elementary School Treasurer  
Contact Phone Number: 765-847-2595

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

Description of Corrective Action Plan:

The elementary school treasurer will verify all household income for free/reduced applications to make sure they comply with the eligibility criteria including over time calculations. The elementary principal (or designee) will review and sign off on all free/reduced lunch applications.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately

### ***FINDING 2017-006 Child Nutrition Cluster-Eligibility***

Contact Person Responsible for Corrective Action: Elementary Treasurer  
Contact Phone Number: 765-847-2595

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

Description of Corrective Action Plan:

The school treasurer calculates the applications for eligibility of free/reduced meals. The elementary principal (or designee) will check calculations to ensure accuracy and sign-off.

The school treasurer will post notification of households' eligibility on each school's website annually to ensure the free and reduced meals are correct and up to date.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately



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## CORRECTIVE ACTION PLAN

### ***FINDING 2017-007 Child Nutrition Cluster-Procurement and Suspension and Debarment***

Contact Person Responsible for Corrective Action: Food Service Director  
Contact Phone Number: 765-847-2595

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

Description of Corrective Action Plan:

Director of food service will advertise bids and seek board approval beginning December 2018 for food vendors. Board approval will document internal control. The bid advertisement and bid documentation will be maintained for audit.

Prior to a purchase, Food Service Director conducts a SAM search. Results of the SAM search are attached to the purchase order and requisition that are prepared by the Food Service Director. The corporation treasurer reviews and signs off on this procedure.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately

### ***FINDING 2017-008 Child Nutrition Cluster-Reporting***

Contact Person Responsible for Corrective Action: Food Service Director  
Contact Phone Number: 765-847-2595

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

Description of Corrective Action Plan:

The Food Service Director prepares monthly reports and sponsor claims and the superintendent reviews the number of meals claimed on each activity report and then verifies that deposits match the sales activity reports and signs off on them.



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Mr. Eric S. Green, Assistant Superintendent  
Mrs. Jackie Webb, Corporation Secretary  
Mrs. Kay Reed, Corporation Treasurer  
Mrs. Vanessa Curtis, Corporation Registrar

Anticipated Completion Date: The Corrective Action Plan is to begin immediately

## CORRECTIVE ACTION PLAN

### ***FINDING 2017-009 Special Education Cluster (IDEA)-Level of Effort-Maintenance of Effort***

Contact Person Responsible for Corrective Action: Superintendent  
Contact Phone Number: 765-847-2821

Views of Responsible Official: Northeastern Wayne Schools agrees with the finding

Description of Corrective Action Plan:

The school superintendent will prepare the MOE using the data from Form 9 and will create a formula to calculate the allowable expenditures for administrative salaries, transportation costs and transportation salaries. The calculation documentation will be retained with the MOE report for audit. The assistant superintendent will review the calculations and compare it with Form 9 data and sign-off.

Anticipated Completion Date: The Corrective Action Plan is to begin immediately

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

Corrective Action Plan

Finding 2017-010

Contact Person Responsible for Corrective Action: Liza Bates

Contact Phone Number: (765) 458-0263

Views of Responsible Official: This finding has been corrected.

Description of Corrective Action Plan:

The director provides a financial report and a corresponding packet of financial information at each monthly meeting of the East Central Governing Board. The superintendents of the participating corporations review and sign off on the financial packet each month beginning October 9, 2017.

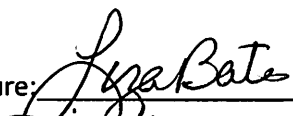
The packet includes:

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This financial report and packet provide an effective internal control system for the participating corporations to demonstrate oversight over duties performed by the fiscal agent related to allowable activities, allowable costs, cash management, period of performance, and reporting requirements for the IDEA grant.

Anticipated Completion Date: This finding has been corrected as of October 9, 2017.

107 S. Layman St.  
•  
Suite A  
•  
Liberty, IN 47353

Signature:   
Title: Director  
Date: 5-29-19

(765) 458-0263  
•  
Toll 1-888-219-0004  
•  
Fax (765) 458-0356

#### 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/>.