

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WESTERN WAYNE SCHOOLS  
WAYNE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
02/15/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Peggy Heusman	01-01-15 to 12-31-18
Superintendent of Schools	Dr. Robert Mahon	07-01-15 to 06-30-19
President of the School Board	Kevin Munchel	01-01-15 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Western Wayne Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2015 to June 30, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

December 18, 2018



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Western Wayne Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 18, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Western Wayne Schools' Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

December 18, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 448,448	\$ 6,563,190	\$ 7,002,307	\$ 14,707	\$ 24,038	\$ 6,560,621	\$ 6,555,615	\$ 14,481	\$ 43,525
Debt Service	403,888	813,318	1,012,431	(21,331)	183,444	920,844	596,227	(53,181)	454,880
Retirement/Severance Bond Debt Service	27,091	77,833	69,092	(1,737)	34,095	74,301	71,040	(3,547)	33,809
Capital Projects	59,511	650,953	713,877	13,292	9,879	610,939	644,343	32,130	8,605
School Transportation	105,092	390,806	345,617	8,150	158,431	380,991	369,973	19,977	189,426
School Bus Replacement	140,940	85,474	73,377	1,982	155,019	80,706	82,195	4,621	158,151
Rainy Day	1,850,000	7,746	-	-	1,857,746	-	373,109	-	1,484,637
Retirement/Severance Bond	158,520	398	3,173	-	155,745	453	9,020	-	147,178
Construction	1,886,583	3,082	920,363	-	969,302	1,024	876,375	-	93,951
School Lunch	21,979	494,628	469,842	-	46,765	484,264	517,435	-	13,594
Textbook Rental	51,553	106,975	155,542	-	2,986	100,268	86,648	-	16,606
Levy Excess	356	-	-	(356)	-	-	-	-	-
Educational License Plates	113	131	-	-	244	94	-	-	338
Alternative Education	237	5,782	4,364	-	1,655	3,151	893	-	3,913
Lily Counseling Grant	-	-	-	-	-	30,000	13,129	-	16,871
ECA Transportation Trips	-	19,056	19,056	-	-	21,380	21,380	-	-
Welfare Activities	870	50	-	-	920	-	-	-	920
Scholarships and Awards	1,704	18,351	13,439	-	6,616	4,551	6,317	-	4,850
Formative Assessment	-	10,634	10,634	-	-	12,548	12,548	-	-
High Ability 15-16	-	28,977	24,679	-	4,298	-	4,298	-	-
High Ability 16-17	-	-	-	-	-	29,193	28,442	-	751
Medicaid Reimbursement	-	15,407	-	(14,491)	916	14,654	-	(14,463)	1,107
Secured Schools Safety Grant	-	22,647	57,960	-	(35,313)	35,313	-	-	-
School Technology	1,059	4,404	4,299	-	1,164	6,308	4,404	-	3,068
Career and Technical Performance Grant	-	-	-	-	-	7,108	7,108	-	-
E-Rate	-	-	-	-	-	15,105	15,105	-	-
Tuition Reimbursement - DOE	-	-	2,705	-	(2,705)	104,070	100,340	-	1,025
Title I 14-15	(2,196)	-	19,811	22,007	-	-	-	-	-
Title I 15-16	-	204,060	210,512	-	(6,452)	1,443	33,620	38,629	-
Title I 16-17	-	-	-	-	-	180,376	203,132	16,509	(6,247)
Medicaid Reimbursement - Federal	8,044	28,044	26,422	-	9,666	25,802	30,154	382	5,696
Title II FFY14	-	22,007	-	(22,007)	-	-	-	-	-
Title II FFY 15	-	6,104	6,104	-	-	39,091	462	(38,629)	-
Title II FFY 16	-	-	-	-	-	20,666	4,157	(16,509)	-
Rural Schools and Low Income Program - Pass Through State	-	2,395	2,395	-	-	-	-	-	-
Rural and Low Income 2015-16	-	20,517	20,517	-	-	-	-	-	-
Rural and Low Income 2016-17	-	-	-	-	-	600	600	-	-
Payroll Withholdings	8,702	1,876,104	1,877,666	-	7,140	1,792,660	1,792,522	-	7,278
Prepaid Food	(1,931)	7,450	7,414	-	(1,895)	7,583	6,585	-	(897)
<b>Totals</b>	<b>\$ 5,170,563</b>	<b>\$ 11,486,523</b>	<b>\$ 13,073,598</b>	<b>\$ 216</b>	<b>\$ 3,583,704</b>	<b>\$ 11,566,107</b>	<b>\$ 12,467,176</b>	<b>\$ 400</b>	<b>\$ 2,683,035</b>

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

WESTERN WAYNE SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Receipts**

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

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

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

WESTERN WAYNE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

**E. Disbursements**

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

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

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

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

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

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

*Interfund loans.* Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

**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:

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

WESTERN WAYNE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

WESTERN WAYNE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

WESTERN WAYNE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

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

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Western Wayne School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. The 2010 lease agreement is financed through the Qualified School Construction

WESTERN WAYNE SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Bond program in which lease payments are subsidized through Internal Revenue Service (IRS) Rebates. Annual lease payments required under the lease were \$102,792; however, lease payments made by the School Corporation during the years 2016 and 2017 totaled \$6,990 and \$167,196, respectively. The remainder was subsidized through IRS rebates. For the 2015 lease, lease payments during 2016 and 2017 totaled \$183,500 and \$303,125, respectively.

**Note 9. Combined Funds**

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

**Note 10. Subsequent Events**

On December 10, 2018, the School Board approved a bond issue in the amount of \$1,290,000 for repairs and improvements for the School Corporation.

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#### OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 448,448	\$ 403,888	\$ 27,091	\$ 59,511	\$ 105,092	\$ 140,940	\$ 1,850,000	\$ 158,520	\$ 1,886,583	\$ 21,979
Receipts:										
Local sources	77,562	813,318	77,833	650,953	390,806	85,474	7,746	398	3,082	164,921
Intermediate sources	27	-	-	-	-	-	-	-	-	-
State sources	6,485,601	-	-	-	-	-	-	-	-	3,542
Federal sources	-	-	-	-	-	-	-	-	-	326,165
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>6,563,190</u>	<u>813,318</u>	<u>77,833</u>	<u>650,953</u>	<u>390,806</u>	<u>85,474</u>	<u>7,746</u>	<u>398</u>	<u>3,082</u>	<u>494,628</u>
Disbursements:										
Instruction	4,430,561	-	-	-	-	-	-	-	-	-
Support services	2,298,340	2,068	-	702,097	345,617	73,377	-	3,173	-	388
Noninstructional services	273,406	-	-	-	-	-	-	-	-	469,454
Facilities acquisition and construction	-	-	-	11,780	-	-	-	-	920,363	-
Debt service	-	1,010,363	69,092	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>7,002,307</u>	<u>1,012,431</u>	<u>69,092</u>	<u>713,877</u>	<u>345,617</u>	<u>73,377</u>	<u>-</u>	<u>3,173</u>	<u>920,363</u>	<u>469,842</u>
Excess (deficiency) of receipts over disbursements	<u>(439,117)</u>	<u>(199,113)</u>	<u>8,741</u>	<u>(62,924)</u>	<u>45,189</u>	<u>12,097</u>	<u>7,746</u>	<u>(2,775)</u>	<u>(917,281)</u>	<u>24,786</u>
Other financing sources (uses):										
Sale of capital assets	216	-	-	-	-	-	-	-	-	-
Transfers in	14,491	-	-	13,292	8,150	1,982	-	-	-	-
Transfers out	-	(21,331)	(1,737)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>14,707</u>	<u>(21,331)</u>	<u>(1,737)</u>	<u>13,292</u>	<u>8,150</u>	<u>1,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(424,410)</u>	<u>(220,444)</u>	<u>7,004</u>	<u>(49,632)</u>	<u>53,339</u>	<u>14,079</u>	<u>7,746</u>	<u>(2,775)</u>	<u>(917,281)</u>	<u>24,786</u>
Cash and investments - ending	<u>\$ 24,038</u>	<u>\$ 183,444</u>	<u>\$ 34,095</u>	<u>\$ 9,879</u>	<u>\$ 158,431</u>	<u>\$ 155,019</u>	<u>\$ 1,857,746</u>	<u>\$ 155,745</u>	<u>\$ 969,302</u>	<u>\$ 46,765</u>

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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Lily Counseling Grant	ECA Transportation Trips	Welfare Activities	Scholarships and Awards	Formative Assessment	High Ability 15-16
Cash and investments - beginning	\$ 51,553	\$ 356	\$ 113	\$ 237	\$ -	\$ -	\$ 870	\$ 1,704	\$ -	\$ -
Receipts:										
Local sources	64,640	-	-	-	-	19,056	50	18,351	-	-
Intermediate sources	-	-	131	-	-	-	-	-	-	-
State sources	42,335	-	-	5,782	-	-	-	-	10,634	28,977
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	106,975	-	131	5,782	-	19,056	50	18,351	10,634	28,977
Disbursements:										
Instruction	-	-	-	4,364	-	-	-	13,439	10,634	24,679
Support services	155,542	-	-	-	-	19,056	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	155,542	-	-	4,364	-	19,056	-	13,439	10,634	24,679
Excess (deficiency) of receipts over disbursements	(48,567)	-	131	1,418	-	-	50	4,912	-	4,298
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(356)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(356)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(48,567)	(356)	131	1,418	-	-	50	4,912	-	4,298
Cash and investments - ending	\$ 2,986	\$ -	\$ 244	\$ 1,655	\$ -	\$ -	\$ 920	\$ 6,616	\$ -	\$ 4,298

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

	High Ability 16-17	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant	E-Rate	Tuition Reimbursement - DOE	Title I 14-15	Title I 15-16	Title I 16-17
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,059	\$ -	\$ -	\$ -	\$ (2,196)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	15,407	22,647	4,404	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	204,060	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	15,407	22,647	4,404	-	-	-	-	204,060	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	19,811	210,512	-
Support services	-	-	57,960	4,299	-	-	2,705	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	57,960	4,299	-	-	2,705	19,811	210,512	-
Excess (deficiency) of receipts over disbursements	-	15,407	(35,313)	105	-	-	(2,705)	(19,811)	(6,452)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	22,007	-	-
Transfers out	-	(14,491)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(14,491)	-	-	-	-	-	22,007	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	916	(35,313)	105	-	-	(2,705)	2,196	(6,452)	-
Cash and investments - ending	\$ -	\$ 916	\$ (35,313)	\$ 1,164	\$ -	\$ -	\$ (2,705)	\$ -	\$ (6,452)	\$ -

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

	Medicaid Reimbursement - Federal	Title II FFY 14	Title II FFY 15	Title II FFY 16	Rural Schools and Low Income Program - Pass Through State	Rural and Low Income 2015-16	Rural and Low Income 2016-17	Payroll Withholdings	Prepaid Food	Totals
Cash and investments - beginning	\$ 8,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,702	\$ (1,931)	\$ 5,170,563
Receipts:										
Local sources	-	-	-	-	-	-	-	-	7,450	2,381,640
Intermediate sources	-	-	-	-	-	-	-	-	-	158
State sources	-	-	-	-	-	-	-	-	-	6,619,329
Federal sources	28,044	22,007	6,104	-	2,395	20,517	-	-	-	609,292
Other	-	-	-	-	-	-	-	1,876,104	-	1,876,104
Total receipts	28,044	22,007	6,104	-	2,395	20,517	-	1,876,104	7,450	11,486,523
Disbursements:										
Instruction	23,692	-	-	-	-	-	-	-	-	4,737,692
Support services	2,730	-	6,104	-	2,395	20,517	-	-	-	3,696,368
Noninstructional services	-	-	-	-	-	-	-	-	7,414	750,274
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	932,143
Debt service	-	-	-	-	-	-	-	-	-	1,079,455
Interfund loans	-	-	-	-	-	-	-	1,877,666	-	1,877,666
Total disbursements	26,422	-	6,104	-	2,395	20,517	-	1,877,666	7,414	13,073,598
Excess (deficiency) of receipts over disbursements	1,622	22,007	-	-	-	-	-	(1,562)	36	(1,587,075)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	216
Transfers in	-	-	-	-	-	-	-	-	-	59,922
Transfers out	-	(22,007)	-	-	-	-	-	-	-	(59,922)
Total other financing sources (uses)	-	(22,007)	-	-	-	-	-	-	-	216
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,622	-	-	-	-	-	-	(1,562)	36	(1,586,859)
Cash and investments - ending	\$ 9,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,140	\$ (1,895)	\$ 3,583,704

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch
Cash and investments - beginning	\$ 24,038	\$ 183,444	\$ 34,095	\$ 9,879	\$ 158,431	\$ 155,019	\$ 1,857,746	\$ 155,745	\$ 969,302	\$ 46,765
Receipts:										
Local sources	64,749	920,844	74,301	610,939	378,411	80,706	-	453	1,024	158,047
Intermediate sources	45	-	-	-	-	-	-	-	-	-
State sources	6,493,730	-	-	-	-	-	-	-	-	3,820
Federal sources	-	-	-	-	-	-	-	-	-	322,047
Other	2,097	-	-	-	2,580	-	-	-	-	350
Total receipts	6,560,621	920,844	74,301	610,939	380,991	80,706	-	453	1,024	484,264
Disbursements:										
Instruction	4,034,428	-	-	-	-	-	241,485	-	-	-
Support services	2,297,876	2,081	-	633,022	369,973	82,195	108,199	9,020	-	415
Noninstructional services	223,311	-	-	-	-	-	23,425	-	-	517,020
Facilities acquisition and construction	-	-	-	11,321	-	-	-	-	876,375	-
Debt service	-	594,146	71,040	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	6,555,615	596,227	71,040	644,343	369,973	82,195	373,109	9,020	876,375	517,435
Excess (deficiency) of receipts over disbursements	5,006	324,617	3,261	(33,404)	11,018	(1,489)	(373,109)	(8,567)	(875,351)	(33,171)
Other financing sources (uses):										
Sale of capital assets	400	-	-	-	-	-	-	-	-	-
Transfers in	14,081	-	-	32,130	19,977	4,621	-	-	-	-
Transfers out	-	(53,181)	(3,547)	-	-	-	-	-	-	-
Total other financing sources (uses)	14,481	(53,181)	(3,547)	32,130	19,977	4,621	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,487	271,436	(286)	(1,274)	30,995	3,132	(373,109)	(8,567)	(875,351)	(33,171)
Cash and investments - ending	\$ 43,525	\$ 454,880	\$ 33,809	\$ 8,605	\$ 189,426	\$ 158,151	\$ 1,484,637	\$ 147,178	\$ 93,951	\$ 13,594

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

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Lily Counseling Grant	ECA Transportation Trips	Welfare Activities	Scholarships and Awards	Formative Assessment	High Ability 15-16
Cash and investments - beginning	\$ 2,986	\$ -	\$ 244	\$ 1,655	\$ -	\$ -	\$ 920	\$ 6,616	\$ -	\$ 4,298
Receipts:										
Local sources	57,915	-	-	-	30,000	21,380	-	4,551	-	-
Intermediate sources	-	-	94	-	-	-	-	-	-	-
State sources	42,353	-	-	3,151	-	-	-	-	12,548	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	100,268	-	94	3,151	30,000	21,380	-	4,551	12,548	-
Disbursements:										
Instruction	-	-	-	893	-	-	-	6,317	12,548	4,298
Support services	86,648	-	-	-	13,129	21,380	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	86,648	-	-	893	13,129	21,380	-	6,317	12,548	4,298
Excess (deficiency) of receipts over disbursements	13,620	-	94	2,258	16,871	-	-	(1,766)	-	(4,298)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,620	-	94	2,258	16,871	-	-	(1,766)	-	(4,298)
Cash and investments - ending	\$ 16,606	\$ -	\$ 338	\$ 3,913	\$ 16,871	\$ -	\$ 920	\$ 4,850	\$ -	\$ -

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

	High Ability 16-17	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant	E-Rate	Tuition Reimbursement - DOE	Title I 14-15	Title I 15-16	Title I 16-17
Cash and investments - beginning	\$ -	\$ 916	\$ (35,313)	\$ 1,164	\$ -	\$ -	\$ (2,705)	\$ -	\$ (6,452)	\$ -
Receipts:										
Local sources	-	-	-	-	-	15,105	104,070	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	29,193	14,654	35,313	6,308	7,108	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	1,443	180,376
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>29,193</u>	<u>14,654</u>	<u>35,313</u>	<u>6,308</u>	<u>7,108</u>	<u>15,105</u>	<u>104,070</u>	<u>-</u>	<u>1,443</u>	<u>180,376</u>
Disbursements:										
Instruction	28,442	-	-	-	7,108	-	-	-	33,620	203,132
Support services	-	-	-	4,404	-	15,105	100,340	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>28,442</u>	<u>-</u>	<u>-</u>	<u>4,404</u>	<u>7,108</u>	<u>15,105</u>	<u>100,340</u>	<u>-</u>	<u>33,620</u>	<u>203,132</u>
Excess (deficiency) of receipts over disbursements	<u>751</u>	<u>14,654</u>	<u>35,313</u>	<u>1,904</u>	<u>-</u>	<u>-</u>	<u>3,730</u>	<u>-</u>	<u>(32,177)</u>	<u>(22,756)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	38,629	16,509
Transfers out	-	(14,463)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(14,463)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,629</u>	<u>16,509</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>751</u>	<u>191</u>	<u>35,313</u>	<u>1,904</u>	<u>-</u>	<u>-</u>	<u>3,730</u>	<u>-</u>	<u>6,452</u>	<u>(6,247)</u>
Cash and investments - ending	<u>\$ 751</u>	<u>\$ 1,107</u>	<u>\$ -</u>	<u>\$ 3,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,247)</u>

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

	Medicaid Reimbursement - Federal	Title II FFY 14	Title II FFY 15	Title II FFY 16	Rural Schools and Low Income Program - Pass Through State	Rural and Low Income 2015-16	Rural and Low Income 2016-17	Payroll Withholdings	Prepaid Food	Totals
Cash and investments - beginning	\$ 9,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,140	\$ (1,895)	\$ 3,583,704
Receipts:										
Local sources	-	-	-	-	-	-	-	-	7,583	2,530,078
Intermediate sources	-	-	-	-	-	-	-	-	-	139
State sources	-	-	-	-	-	-	-	-	-	6,648,178
Federal sources	25,802	-	39,091	20,666	-	-	600	-	-	590,025
Other	-	-	-	-	-	-	1,792,660	-	-	1,797,687
Total receipts	25,802	-	39,091	20,666	-	-	1,792,660	-	7,583	11,566,107
Disbursements:										
Instruction	27,492	-	-	-	-	-	-	-	-	4,599,763
Support services	2,662	-	462	4,157	-	-	600	-	-	3,751,668
Noninstructional services	-	-	-	-	-	-	-	-	6,585	770,341
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	887,696
Debt service	-	-	-	-	-	-	-	-	-	665,186
Interfund loans	-	-	-	-	-	-	1,792,522	-	-	1,792,522
Total disbursements	30,154	-	462	4,157	-	-	1,792,522	-	6,585	12,467,176
Excess (deficiency) of receipts over disbursements	(4,352)	-	38,629	16,509	-	-	138	-	998	(901,069)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	400
Transfers in	382	-	-	-	-	-	-	-	-	126,329
Transfers out	-	-	(38,629)	(16,509)	-	-	-	-	-	(126,329)
Total other financing sources (uses)	382	-	(38,629)	(16,509)	-	-	-	-	-	400
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,970)	-	-	-	-	-	138	-	998	(900,669)
Cash and investments - ending	\$ 5,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,278	\$ (897)	\$	\$ 2,683,035

WESTERN WAYNE SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 209,577</u>	<u>\$ 6,247</u>

WESTERN WAYNE SCHOOLS  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Western Wayne School Building Corporation	Financing of the renovation of and improvements to a portion of Lincoln Middle School/High School	\$ 211,500	06/30/2011	12/31/2024
Western Wayne School Building Corporation	Financing of the renovation of and improvements to a portion of Lincoln Middle/High School and Western Wayne Elementary	<u>478,750</u>	07/15/2016	01/15/2025
Total of annual lease payments		<u>\$ 690,250</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	To finance payment of outstanding pension obligations	\$ 155,000	\$ 67,798
Notes and loans payable	Common School Loans	<u>449,127</u>	<u>117,833</u>
Totals		<u>\$ 604,127</u>	<u>\$ 185,631</u>

WESTERN WAYNE SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 373,062
Buildings	20,511,198
Improvements other than buildings	1,589,933
Machinery, equipment, and vehicles	<u>3,525,126</u>
Total capital assets	<u>\$ 25,999,319</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 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, 2017-005, and 2017-007. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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, and 2017-007, that we consider to be material weaknesses.

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

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

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

  
Paul D. Joyce, CPA  
State Examiner

December 18, 2018

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WESTERN WAYNE SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education						
School Breakfast Program		10.553	FY 2015-2016	\$ -	\$ 77,149	\$ -	\$ -
School Breakfast Program			FY 2016-2017	-	-	-	71,350
Total - School Breakfast Program				-	77,149	-	71,350
National School Lunch Program							
National School Lunch Program	Indiana Department of Education						
National School Lunch Program		10.555	FY 2015-2016	-	249,015	-	-
National School Lunch Program			FY 2016-2017	-	-	-	250,697
Commodities			FY 2015-2016	-	30,552	-	-
Commodities			FY 2016-2017	-	-	-	33,799
Total - National School Lunch Program				-	279,567	-	284,496
Total - Child Nutrition Cluster				-	356,716	-	355,846
Total - Department of Agriculture				-	356,716	-	355,846
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Special Ed 2014 Part B 611 Grant	Indiana Department of Education						
Special Ed 2015 Federal Part B 611 Funds		84.027	14214-013-PN01	-	788	-	-
Special Ed 2016 Federal Part B 611 Funds			14215-013-PN01	-	220,077	-	1,081
Special Ed 2017 Federal Part B 611 Funds			14216-011-PN01	-	68,492	-	216,791
Special Ed Federal Technical Assistance Grant Part B Funds			99914-0-PN01	-	1,237	-	-
Special Ed 2017 Part B 611 Grant			14217-011-PN01	-	-	-	85,796
Total - Special Education_Grants to States				-	290,594	-	303,668

WESTERN WAYNE SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants	Indiana Department of Education						
Special Ed 2016 Federal Part 619 Grant		84.173	45716-011-PN01	-	2,079	-	-
Special Ed 2016 Preschool 619 Grant			45716-011-PN01	-	-	-	7,843
<b>Total - Special Education_Preschool Grants</b>				-	2,079	-	7,843
<b>Total - Special Education Cluster (IDEA)</b>				-	292,673	-	311,511
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2015-2016		84.010	16-8355	-	204,060	-	1,444
Title I SY16-17 Grant			17-8355	-	-	-	180,377
<b>Total - Title I Grants to Local Educational Agencies</b>				-	204,060	-	181,821
Rural Education	Indiana Department of Education						
Rural and Low Income Schools FY13		84.358	7000S358B130014	-	2,395	-	-
Rural & Low Income Schools FY14			7000S358B140014	-	20,517	-	-
Rural & Low Income Schools FY16			7000S358B160014	-	-	-	600
<b>Total - Rural Education</b>				-	22,912	-	600
Supporting Effective Instruction State Grants	Indiana Department of Education						
Title IIA FFY2014 Improving Teacher Quality		84.367	FFY2014	-	22,007	-	-
Title IIA FFY2015 Improving Teacher Quality			FFY2015	-	6,104	-	39,091
Title IIA FFY 2016			FFY2016	-	-	-	20,666
<b>Total - Supporting Effective Instruction State Grants</b>				-	28,111	-	59,757
<b>Total - Department of Education</b>				-	547,756	-	553,689
<b>Total federal awards expended</b>				<u>\$ -</u>	<u>\$ 904,472</u>	<u>\$ -</u>	<u>\$ 909,535</u>

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

WESTERN WAYNE SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 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 to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

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

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

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

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

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

**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: 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*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts. The same individual was responsible for receipting cash, issuing receipts, posting receipts to the ledgers, and depositing receipts.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Management implemented internal controls over receipts in April 2018.

*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 controls over receipts until after the audit period.

*Effect*

The failure to establish controls could have enabled noncompliance related to receipts and could have enabled material misstatements or irregularities to occur and remain undetected.

*Recommendation*

We recommended that the School Corporation's management establish 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.

**FINDING 2017-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat finding from the immediately prior 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 financial reporting system, which was the source of the School Corporation's SEFA. The Treasurer prepared the SEFA; however, there were no controls in place to verify the accuracy of the information prior to submission.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Management implemented internal controls over the preparation of the SEFA in 2018 for the period ending June 30, 2018.

*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 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 mis-statements of the SEFA could have remained undetected.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 16-8355, 17-8355  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
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.

*Condition*

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

The School Corporation did not maintain the appropriate time and effort reporting for employees who worked on the federal award. During the audit period, two employees whose salaries were not charged solely to the Title I fund did not complete the required Personal Activity Reports.

*Context*

The lack of internal controls and noncompliance were systemic issues, which occurred throughout the audit period. Management implemented internal controls over the Allowable Costs/Cost Principles compliance requirement and started maintaining the appropriate time and effort reporting for employees in April 2018.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 200.430(i) states in part:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states:

- **TAS Programs:**

"Title I funded staff paid solely from Title I funds complete a Semi-Annual Certification twice a year. Employees who work on multiple activities must maintain a time and effort log at least once a month."

- **School wide programs:**

"If a school-wide program consolidates funds in a single account, an employee paid with funds from the single account is not required to file a semi-annual certification. If a schoolwide program does not consolidate funds, employees working solely on a single Federal program must complete semi-annual certifications.

If a school-wide program does not consolidate funds, employees working on multiple programs must maintain a time and effort log at least once a month."

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles 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 Allowable Costs/Cost Principles 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: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 16-8355, 17-8355  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals  
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 Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement.

The School Corporation had a policy to hire highly qualified teachers, but there was no control in place to ensure that the policy was followed during the audit period.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Management implemented internal controls over the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals compliance requirement during the 2017-2018 school year.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals 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 Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals 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 - Highly Qualified Teachers and Paraprofessionals compliance requirement.

*Views of Responsible Officials*

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

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2017-005***

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
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 2015-005.

*Condition*

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

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. Management implemented internal controls over the Suspension and Debarment compliance requirement and started verifying that vendors with whom they enter into covered transactions were not suspended or debarred during the 2017-2018 school year.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 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.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

You do this by:

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

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the 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 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 2017-006**

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

*Condition*

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

During the 2015-2016 school year, the determination of eligibility was made by the School Lunch Director without a procedure in place to ensure the accuracy of the determination.

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of internal controls was a systemic problem during 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 Eligibility 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 Eligibility compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2017-007**

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 Findings: Material Weakness, Other Matters

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

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

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

Five monthly reimbursement claims examined contained incorrect meal counts, resulting in incorrect reimbursements. The AFR for the 2015-2016 school year inaccurately reported program expenses. In addition, during a monitoring review performed by the Indiana Department of Education in May 2016, it was noted that the School Food Authority (SFA) Verification Summary Report's verification process was not completed correctly.

*Context*

The lack of internal 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 3016.20(b) states in part:

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

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

WESTERN WAYNE SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.302(b) states in part:

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

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

2 CFR 200.302(b)(3) states:

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

*Cause*

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

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation in 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.

#### AUDITEE-PREPARED DOCUMENTS

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

DR. ROBERT MAHON  
*Superintendent*  
DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*  
GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### ***FINDING 2015-001***

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: Peggy Huesman  
Contact Phone Number: 765-478-5375

#### Status of Audit Finding:

The Treasurer receipts the funds; the Deputy Treasurer completes the deposit slip. If that's not possible someone else in the Admn. Office reviews & initials the deposit slip.

### ***FINDING 2015-002***

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: Peggy Huesman  
Contact Phone Number: 765-478-5375

#### Status of Audit Finding:

Commodity totals have been added to the Annual Financial report on Gateway and we will add it to future Gateway AFR's.

We no longer include the Title II transfer funds in the Title I grant on the Annual Financial report on Gateway.

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

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

### ***FINDING 2015-003***

Fiscal year in which the finding initially occurred: 2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Betty Huddleston  
Contact Phone Number: 765-478-5916

#### Status of Audit Finding:

Free and Reduced lunch applications are approved by the Cafeteria Manager and reviewed by a building Administrator. Verification of free and reduced lunch applications are done by the Cafeteria Manager and approved by the Superintendent or the Asst. Superintendent.

***FINDING 2015-004***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Peggy Huesman

Contact Phone Number: 765-478-5375

Status of Audit Finding:

The Treasurer and Cafeteria Director look at 3 month revenue and expenditure reports to see if cash resources exceed three months average expenditures. If there is a balance we discuss using those funds to repair and replace cafeteria equipment. The Treasurer sends the Cafeteria Director monthly expenditure and revenue reports as well as detail fund reports to review.

***FINDING 2015-005***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Betty Huddleston

Contact Phone Number: 765-478-5916

Status of Audit Finding:

Each January the Cafeteria Director checks the SAMS website to make sure that our Vendor's have not been suspended or disbarred.

***FINDING 2015-006***

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Peggy Huesman

Contact Phone Number: 765-478-5375

Status of Audit Finding:

The Treasurer submits electronically the request for reimbursement or final report for Title I Grant, the Title I Grant Administrator signs the email verification that is generated as proof.

**FINDING 2015-007**

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Dr. George Philhower  
Contact Phone Number: 765-478-5375

Status of Audit Finding:

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

**FINDING 2015-008**

Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Dr. George Philhower  
Contact Phone Number: 765-478-5375

Status of Audit Finding:

Administrators maintain Semi-Annual Certification Reports on individuals whose salary is charged solely to the Title I fund and Personal Activity Reports on any individuals whose salary is not charged solely to the Title I fund.

George Philhower  
(Signature)

Inspector  
(Title)

11/5/18  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

DR. ROBERT MAHON  
*Superintendent*  
DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*  
GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### CORRECTIVE ACTION PLAN

#### **FINDING 2017-001**

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

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

Western Wayne School Corporation is aware of the risks associated with a limited staff and has determined the benefits of hiring additional staff in order that all accounting functions are performed by different individuals are not sufficient to justify the increase in personnel cost to the taxpayers of Western Wayne School Corporation. We will use current employees and implement steps to reduce risk. The Treasurer receipts the money, the Deputy Treasurer, Superintendent or Asst. Superintendent review and sign the deposit slip.

Anticipated Completion Date: July 1, 2018

Peggy Huesman  
(Signature)

Treasurer  
(Title)

12/14/18  
(Date)

DR. ROBERT MAHON  
*Superintendent*  
DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*  
GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### CORRECTIVE ACTION PLAN

#### ***FINDING 2017-002***

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


Views of Responsible Official: We concur with the finding.

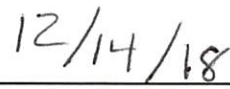
#### Description of Corrective Action Plan:

The Superintendent reviews and signs off on the information for the SEFA before the Treasurer submits it.

Anticipated Completion Date: July 1, 2018

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

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

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

DR. ROBERT MAHON  
*Superintendent*  
DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*  
GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### CORRECTIVE ACTION PLAN

#### **FINDING 2017-003**

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

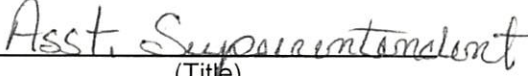
Views of Responsible Official: We concur with the finding.

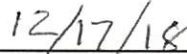
#### Description of Corrective Action Plan:

Administrators maintain Personal Activity Reports on any individuals whose salary is not charged solely to the Title I fund. These documents will be filed in the grant folder.

Anticipated Completion Date: July 1, 2018

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

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

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

DR. ROBERT MAHON  
*Superintendent*

DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*

GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### CORRECTIVE ACTION PLAN

#### ***FINDING 2017-004***

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

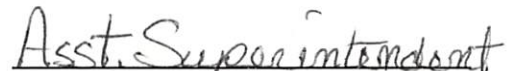
Views of Responsible Official: We concur with the finding.

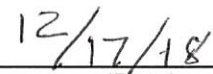
#### Description of Corrective Action Plan:

At the beginning of each school year the Elementary Principal will provide the Title I Director a list of the Title I aides and include documentation that they meet the following requirement: All aides paid through the Title I grant who have not completed at least 2 years of study at an institution of higher education or have an associate's degree will be required to take the ParaPro Assessment test.

Anticipated Completion Date: 8/1/2018

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

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

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

DR. ROBERT MAHON  
*Superintendent*  
DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*  
GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### CORRECTIVE ACTION PLAN

#### ***FINDING 2017-005***

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

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

The Cafeteria Director checks the SAMS website before the start of a new school year to make sure that our vendor's have not been suspended or disbarred. She did this in the spring of 2017 as a result of our previous audit.

Anticipated Completion Date: July 1, 2018

Betty Huddleston  
(Signature)

Food Service Director  
(Title)

12/14/18  
(Date)

DR. ROBERT MAHON  
*Superintendent*  
DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*  
GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### CORRECTIVE ACTION PLAN

#### ***FINDING 2017-006***

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

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

The free and reduced lunch applications will be approved by the Cafeteria Manager and reviewed by an Administrator. Verification of free and reduced lunch applications are done by the Cafeteria Manager and approved by the Superintendent or the Asst. Superintendent.

Anticipated Completion Date: July 2018

Betty Huddleston  
(Signature)

Food Service Director  
(Title)

12/14/18  
(Date)

DR. ROBERT MAHON  
*Superintendent*  
DR. GEORGE PHILHOWER  
*Assistant Superintendent*



PEGGY HUESMAN  
*Treasurer*  
GEORGIA TEMPLIN  
*Deputy Treasurer - Payroll*

## WESTERN WAYNE SCHOOLS

### CORRECTIVE ACTION PLAN

#### ***FINDING 2017-007***

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

Views of Responsible Official: We concur with the finding.

#### Description of Corrective Action Plan:

The cafeteria software now has the "free and reduced modular" which monitors verification for the SFA (School Food Authority) Verification Summary report. The Superintendent also reviews and signs the Verification Summary Report.

A procedure is in place now to double check the monthly reimbursement claim. When the Cafeteria Director splits the meal counts between the 3 buildings she checks the totals to be sure the meal counts are correct. The Cafeteria Director supplies the Corporation Treasurer and the Superintendent with the supporting documentation to review for accuracy. The Corporation Treasurer reviews and signs the monthly reimbursement form.

The annual financial report from 2015-16 was corrected on the 2016-17 annual financial report. The Superintendent reviews and signs the Cafeteria Annual Financial Report.

Anticipated Completion Date: July 2018

Betty Huddleston  
(Signature)

Food Service Director  
(Title)

12/14/18  
(Date)

## OTHER REPORTS

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