

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SCHOOL CITY OF MISHAWAKA  
ST. JOSEPH COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/22/2019



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
 Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	10-11
Notes to Financial Statement .....	12-17
 Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-41
Schedule of Payables and Receivables .....	43
Schedule of Leases and Debt .....	44
Schedule of Capital Assets.....	45
 Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	48-50
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	52-53
Notes to Schedule of Expenditures of Federal Awards .....	54
Schedule of Findings and Questioned Costs .....	55-64
 Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	66-76
Corrective Action Plan .....	77-79
Other Reports .....	80

## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Bruce N. Stahly Alex M. Newman	01-01-16 to 12-31-17 01-01-18 to 12-31-18
Superintendent of Schools	Dr. A. Dean Speicher	07-01-16 to 06-30-19
President of the School Board	Jeffery E. Emmons Richard C. Currey	01-01-16 to 12-31-17 01-01-18 to 12-31-19



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the School City of Mishawaka (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

***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, 2016 to June 30, 2018, 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 February 12, 2019, 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*  
Paul D. Joyce, CPA  
State Examiner

February 12, 2019



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE SCHOOL CITY OF MISHAWAKA, ST. JOSEPH 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 School City of Mishawaka (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 12, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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

**Compliance and Other Matters**

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

**School City of Mishawaka's Response to Findings**

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

**Purpose of This Report**

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

February 12, 2019

(This page intentionally left blank.)

#### FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

SCHOOL CITY OF MISHAWAKA  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16			Other Financing Sources (Uses)	Cash and Investments 06-30-17			Other Financing Sources (Uses)	Cash and Investments 06-30-18		
	Receipts	Disbursements	Receipts		Receipts	Disbursements	Receipts		Receipts	Disbursements	
General	\$ 2,896,082	\$ 36,304,231	\$ 35,172,350	\$ (117,276)	\$ 3,910,687	\$ 37,673,308	\$ 35,639,668	\$ (1,247,391)	\$ 4,696,936		
Referendum Tax Levy	-	1,693,189	559,243	-	1,133,946	2,399,798	2,379,357	(400,000)	754,387		
Debt Service	344,346	712,287	669,626	-	387,007	767,700	569,986	(252,700)	332,021		
Exempt Debt	3,225,692	6,232,073	6,179,164	-	3,278,601	6,345,047	6,293,331	-	3,330,317		
Referendum Debt Exempt Capital	-	-	-	-	-	674,804	395,500	-	279,304		
Capital Projects	1,476,484	3,650,182	3,877,549	-	1,249,117	3,436,817	3,497,231	278,254	1,466,957		
School Transportation	303,948	963,708	1,081,753	156,527	342,430	866,289	1,055,318	138,231	291,632		
School Bus Replacement	14,793	116,942	35,000	-	96,735	126,763	99,069	1,317	125,746		
Rainy Day	81,771	-	-	-	81,771	-	-	400,000	481,771		
Construction	1,734	-	-	-	1,734	-	1,734	-	-		
MHS Construction	-	112,512	100,517	-	11,995	-	11,995	-	-		
Steele Stadium Improvement	16,626	-	16,626	-	-	-	-	-	-		
Construction 2017	-	12,987,220	65,060	-	12,922,160	3,420	8,582,016	-	4,343,564		
Common School Loan A0807	-	-	-	-	-	162,000	162,000	-	-		
Construction 2018	-	-	-	-	-	-	327,222	-	(327,222)		
A0558 - Gift Donations	(530)	-	(530)	-	-	-	-	-	-		
Common School Loan A0568	-	-	-	-	-	71,733	89,009	-	(17,276)		
School Lunch	282,562	2,606,345	2,503,791	-	385,116	2,697,625	2,481,000	-	601,741		
Textbook Rental	(693,032)	478,013	170,539	-	(385,558)	424,741	250,093	459,569	248,659		
Repair and Replacement	-	153,510	3,707	-	149,803	28,867	141,762	-	36,908		
Self-Insurance	(48,394)	7,479,149	6,919,948	-	510,807	6,228,884	7,397,681	657,992	2		
Joint Service Preschool	1,181	5,160	6,341	-	-	-	-	-	-		
Joint Services and Supply - Area Vocational School	32,011	300	35,866	3,572	17	-	19	-	(2)		
Joint Services Campus Program	511,912	260,740	571,130	-	201,522	20,782	10	(222,295)	(1)		
Oaklawn Campus Program	-	-	-	-	-	250,000	469,468	222,295	2,827		
Historical Society	(8,402)	66,927	54,291	-	4,234	88,514	69,928	329	23,149		
Alternative Education	103,758	46,388	105,147	-	44,999	57,702	-	-	102,701		
Early Literacy Intervention Grant 16-17	-	26,682	6,035	-	20,647	-	20,647	-	-		
Early Literacy Intervention Grant 17-18	-	-	-	-	-	25,832	1,968	-	23,864		
Lilly Endowment Grant	-	30,000	12,066	-	17,934	-	17,934	-	-		
United Way- PLTW	-	-	-	-	-	6,000	4,698	-	1,302		
MHS Weight Room	-	-	-	-	-	49,000	-	-	49,000		
Rose Klaet Athletic/Cheer Statue; MHS	102,420	-	6,065	-	96,355	-	49,816	-	46,539		
Education Foundations	27,543	149,467	30,744	-	146,266	99,003	204,310	-	40,959		
United Way- Kindergarten Camps	-	-	-	-	-	7,000	-	-	7,000		
General Donation Account	6,067	1,000	-	-	7,067	-	-	-	7,067		
Scholarships and Awards	-	500	-	-	500	-	100	-	400		
Construction, Remodeling, and Equipping Buildings	-	-	-	-	-	47,500	-	-	47,500		
Project Lead the Way 08-09	17,929	11,467	18,903	-	10,493	-	10,308	-	185		
Klear Landscaping @ MHS & Baker (donation)	63,455	-	-	-	63,455	-	-	-	63,455		
Formative Assessment	-	53,291	53,291	-	-	63,157	62,883	-	274		

SCHOOL CITY OF MISHAWAKA  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
IN Preschool Grants	11,292	12,930	3,234	-	20,988	-	2,099	-	18,889
Instruction Support	-	-	-	-	-	49,046	8,471	-	40,575
Gifted and Talented	11,012	-	11,012	-	-	-	-	-	-
Gifted and Talented 16-17	-	48,349	34,863	-	13,486	-	13,485	-	1
Common School Loan A2898	-	214,586	214,586	-	-	-	-	-	-
Common School Loan A2964	-	-	-	-	-	106,288	106,288	-	-
Common School Loan A2990	-	-	-	-	-	101,900	101,900	-	-
Common School Loan B0023	-	-	-	-	-	112,573	125,000	-	(12,427)
Medicaid Reimbursement	53,944	244,558	3,568	-	294,934	215,431	25,980	-	484,385
Non-English Speaking Programs	2,001	-	2,001	-	-	16,250	4,662	-	11,588
Non-English Speaking Programs 16-17	-	16,281	13,591	-	2,690	-	2,690	-	-
School Technology	5,724	-	-	-	5,724	7,770	13,494	-	-
Career and Technical Performance Grant	-	24,126	-	-	24,126	28,566	20,091	-	32,601
Senator David Ford Technology	-	-	28,780	-	(28,780)	29,980	1,200	-	-
Project Lead the Way	(1,817)	4,083	2,266	-	-	-	-	-	-
Title I	-	1,808	3,327	-	(1,519)	38,819	37,300	-	-
Title I '07	(364,018)	260,409	(103,610)	-	1	-	-	-	1
Title I 2016-2017	-	1,141,732	1,403,627	-	(261,895)	395,312	133,420	-	(3)
Title I 2017-2018	-	-	-	-	-	969,103	1,100,442	-	(131,339)
Title I SIG LaSalle	-	-	-	-	-	-	154	-	(154)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(97,777)	593,638	492,290	(3,572)	(1)	-	-	-	(1)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants 2017	-	478,160	558,949	-	(80,789)	802,140	745,478	-	(24,127)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants 2018	-	-	-	-	-	178,658	223,713	-	(45,055)
94-142 '04-05	(3,662)	11,012	7,350	-	-	-	-	-	-
Special Education Preschool 2017	-	37,935	48,507	-	(10,572)	14,035	3,465	-	(2)
Special Education Preschool 2018	-	-	-	-	-	36,354	38,197	-	(1,843)
Medicaid Reimbursement - Federal	161,525	259,617	5,389	-	415,753	188,704	24,039	-	580,418
Improv Teacher Quality '07-08	(10,813)	172,270	214,688	-	(53,231)	51,892	(1,338)	-	(1)
Improving Teacher Quality, No Child Left, Title II, Part A	(17,168)	43,583	26,414	-	1	-	-	-	1
Title II Part A 2017-2018	-	617	617	-	-	210,285	209,671	-	614
Title II Part A 2018-2019	-	-	-	-	-	64,951	72,699	-	(7,748)
Title III - English Proficiency Migrant 2016-2018	-	10,319	11,039	-	(720)	3,409	2,688	-	1
Title III - English Proficiency Migrant 2017-2019	-	-	-	-	-	10,239	11,146	-	(907)
Payroll Clearing	3,247	25,755,317	25,758,564	-	-	27,090,561	27,083,831	-	6,730
Prepaid Lunch Clearing	-	-	-	-	-	354,816	336,230	-	18,586
<b>Totals</b>	<b>\$ 8,513,446</b>	<b>\$ 103,472,613</b>	<b>\$ 86,995,274</b>	<b>\$ 39,251</b>	<b>\$ 25,030,036</b>	<b>\$ 93,699,368</b>	<b>\$ 100,732,556</b>	<b>\$ 35,601</b>	<b>\$ 18,032,449</b>

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

SCHOOL CITY OF MISHAWAKA  
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.

*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.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

**E. Disbursements**

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

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

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

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

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

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

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

**F. Other Financing Sources and Uses**

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

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

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

SCHOOL CITY OF MISHAWAKA  
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.

SCHOOL CITY OF MISHAWAKA  
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.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains disbursements which appear as negative entries. This is a result of correcting previous disbursement entries from prior periods.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. A number of funds are negative due to the reimbursable nature of the fund. Negative balances in Textbook Rental were covered with General fund monies.

The Textbook Rental fund had a negative balance of \$385,558 on June 30, 2017. The fund balance was a positive \$248,659 on June 30, 2018.

SCHOOL CITY OF MISHAWAKA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The Construction 2018 fund had a negative balance of \$327,222 on June 30, 2018. Certain projects were started prior to proceeds from the Mortgage Bond sale being received. Those funds were receipted in July 2018.

***Note 9. Holding Corporations***

The School Corporation has entered into capital leases with the School City of Mishawaka Multi-School Corporation and the Mishawaka 2001 School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Total lease payments during the years ended June 30, 2017 and 2018, totaled \$5,463,500 and \$5,882,500, respectively.

***Note 10. Subsequent Event***

The School Corporation finalized the lease of First Mortgage Bonds, Series 2018 in July of 2018. The purpose of this lease was to finance various facility and equipment upgrades throughout the School Corporation.

***Note 11. Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses the following benefits: health, dental, and vision insurance. The School Corporation offers health insurance to retirees until they reach Medicare eligibility. To be eligible, a retiree must have completed 15 years of service with the School Corporation and be 55 years old by the end of August in the year in which the employee retires. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

#### OTHER INFORMATION - UNAUDITED

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

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

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

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

	Referendum		Referendum		Capital Projects	School Transportation	School Bus Replacement
	General	Tax Levy	Debt Service	Exempt Debt			
Cash and investments - beginning	\$ 2,896,082	\$ -	\$ 344,346	\$ 3,225,692	\$ -	\$ 1,476,484	\$ 303,948
Receipts:							
Local sources	377,241	953,189	537,287	5,756,073	-	2,235,132	518,456
State sources	35,744,095	-	-	-	-	-	-
Federal sources	58,418	-	-	-	-	-	-
Temporary loans	12,822	740,000	175,000	476,000	-	1,382,000	350,000
Other	111,655	-	-	-	-	33,050	95,252
Total receipts	36,304,231	1,693,189	712,287	6,232,073	-	3,650,182	963,708
Disbursements:							
Instruction	22,744,719	160,042	-	-	-	-	-
Support services	11,243,121	399,201	93,852	-	-	1,775,862	717,753
Noninstructional services	439,762	-	-	-	-	-	-
Facilities acquisition and construction	735,091	-	-	-	-	200,687	-
Debt service	9,657	-	575,774	6,179,164	-	1,901,000	364,000
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	35,172,350	559,243	669,626	6,179,164	-	3,877,549	1,081,753
Excess (deficiency) of receipts over disbursements	1,131,881	1,133,946	42,661	52,909	-	(227,367)	(118,045)
Other financing sources (uses):							
Proceeds of long-term debt	39,251	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	156,527
Transfers out	(156,527)	-	-	-	-	-	-
Total other financing sources (uses)	(117,276)	-	-	-	-	-	156,527
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,014,605	1,133,946	42,661	52,909	-	(227,367)	38,482
Cash and investments - ending	\$ 3,910,687	\$ 1,133,946	\$ 387,007	\$ 3,278,601	\$ -	\$ 1,249,117	\$ 342,430
							\$ 96,735

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

	Rainy Day	Construction	MHS Construction	Steele Stadium Improvement	Construction 2017	Common School Loan A0807	Construction 2018
Cash and investments - beginning	\$ 81,771	\$ 1,734	\$ -	\$ 16,626	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	112,512	-	12,987,220	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	112,512	-	12,987,220	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	92,500	16,626	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	8,017	-	65,060	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	100,517	16,626	65,060	-	-
Excess (deficiency) of receipts over disbursements	-	-	11,995	(16,626)	12,922,160	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	11,995	(16,626)	12,922,160	-	-
Cash and investments - ending	\$ 81,771	\$ 1,734	\$ 11,995	\$ -	\$ 12,922,160	\$ -	\$ -

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

	A0558 - Gift Donations	Common School Loan A0568	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Joint Services Preschool
Cash and investments - beginning	\$ (530)	\$ -	\$ 282,562	\$ (693,032)	\$ -	\$ (48,394)	\$ 1,181
Receipts:							
Local sources	-	-	647,513	202,091	11,748	7,479,149	5,072
State sources	-	-	37,930	275,713	-	-	-
Federal sources	-	-	1,920,828	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	74	209	141,762	-	88
Total receipts	-	-	2,606,345	478,013	153,510	7,479,149	5,160
Disbursements:							
Instruction	(530)	-	-	-	7	1,428,017	6,341
Support services	-	-	-	170,539	-	5,437,545	-
Noninstructional services	-	-	2,503,791	-	-	54,386	-
Facilities acquisition and construction	-	-	-	-	3,700	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	(530)	-	2,503,791	170,539	3,707	6,919,948	6,341
Excess (deficiency) of receipts over disbursements	530	-	102,554	307,474	149,803	559,201	(1,181)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	530	-	102,554	307,474	149,803	559,201	(1,181)
Cash and investments - ending	\$ -	\$ -	\$ 385,116	\$ (385,558)	\$ 149,803	\$ 510,807	\$ -

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

	Services and Supply - Area Vocational School	Joint Services Campus Program	Oaklawn Campus Program	Historical Society	Alternative Education	Early Literacy Intervention Grant 16-17	Early Literacy Intervention Grant 17-18
Cash and investments - beginning	\$ 32,011	\$ 511,912	\$ -	\$ (8,402)	\$ 103,758	\$ -	\$ -
Receipts:							
Local sources	300	260,740	-	50,527	-	-	-
State sources	-	-	-	-	46,388	26,682	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	12,000	-	-	-
Other	-	-	-	4,400	-	-	-
Total receipts	300	260,740	-	66,927	46,388	26,682	-
Disbursements:							
Instruction	24,911	473,070	-	-	105,147	-	-
Support services	10,955	98,060	-	54,291	-	6,035	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	35,866	571,130	-	54,291	105,147	6,035	-
Excess (deficiency) of receipts over disbursements	(35,566)	(310,390)	-	12,636	(58,759)	20,647	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	3,572	461,912	-	-	-	-	-
Transfers out	-	(461,912)	-	-	-	-	-
Total other financing sources (uses)	3,572	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31,994)	(310,390)	-	12,636	(58,759)	20,647	-
Cash and investments - ending	\$ 17	\$ 201,522	\$ -	\$ 4,234	\$ 44,999	\$ 20,647	\$ -

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

	Lilly Endowment Grant	United Way- PLTW	MHS Weight Room	Rose Klaer Athletic/ Cheer Statue; MHS	Education Foundations	United Way- Kindergarten Camps	General Donation Account
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 102,420	\$ 27,543	\$ -	\$ 6,067
Receipts:							
Local sources	30,000	-	-	-	149,467	-	1,000
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	30,000	-	-	-	149,467	-	1,000
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	12,066	-	-	-	30,744	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	6,065	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	12,066	-	-	6,065	30,744	-	-
Excess (deficiency) of receipts over disbursements	17,934	-	-	(6,065)	118,723	-	1,000
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,934	-	-	(6,065)	118,723	-	1,000
Cash and investments - ending	\$ 17,934	\$ -	\$ -	\$ 96,355	\$ 146,266	\$ -	\$ 7,067

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

	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Project Lead the Way 08-09	Klear Landscaping @ MHS & Baker (donation)	Formative Assessment	IN Preschool Grants	Instruction Support
Cash and investments - beginning	\$ -	\$ -	\$ 17,929	\$ 63,455	\$ -	\$ 11,292	\$ -
Receipts:							
Local sources	500	-	11,467	-	-	12,930	-
State sources	-	-	-	-	53,291	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	500	-	11,467	-	53,291	12,930	-
Disbursements:							
Instruction	-	-	9,437	-	-	3,234	-
Support services	-	-	8,916	-	53,291	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	550	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	18,903	-	53,291	3,234	-
Excess (deficiency) of receipts over disbursements	500	-	(7,436)	-	-	9,696	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500	-	(7,436)	-	-	9,696	-
Cash and investments - ending	\$ 500	\$ -	\$ 10,493	\$ 63,455	\$ -	\$ 20,988	\$ -

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

	Gifted and Talented	Gifted and Talented 16-17	Common School Loan A2898	Common School Loan A2964	Common School Loan A2990	Common School Loan B0023	Medicaid Reimbursement
Cash and investments - beginning	\$ 11,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,944
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	48,349	-	-	-	-	244,558
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	214,586	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	48,349	214,586	-	-	-	244,558
Disbursements:							
Instruction	11,012	34,863	-	-	-	-	1,076
Support services	-	-	214,586	-	-	-	2,492
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	11,012	34,863	214,586	-	-	-	3,568
Excess (deficiency) of receipts over disbursements	(11,012)	13,486	-	-	-	-	240,990
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,012)	13,486	-	-	-	-	240,990
Cash and investments - ending	\$ -	\$ 13,486	\$ -	\$ -	\$ -	\$ -	\$ 294,934

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

	Non-English Speaking Programs	Non-English Speaking Program 16-17	School Technology	Career and Technical Performance Grant	Senator David Ford Technology	Project Lead the Way	Title I
Cash and investments - beginning	\$ 2,001	\$ -	\$ 5,724	\$ -	\$ -	\$ (1,817)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	16,281	-	4,492	-	-	-
Federal sources	-	-	-	19,634	-	4,083	1,808
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	16,281	-	24,126	-	4,083	1,808
Disbursements:							
Instruction	131	11,119	-	-	-	-	-
Support services	1,870	2,472	-	-	28,780	2,266	2,452
Noninstructional services	-	-	-	-	-	-	875
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,001	13,591	-	-	28,780	2,266	3,327
Excess (deficiency) of receipts over disbursements	(2,001)	2,690	-	24,126	(28,780)	1,817	(1,519)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,001)	2,690	-	24,126	(28,780)	1,817	(1,519)
Cash and investments - ending	\$ -	\$ 2,690	\$ 5,724	\$ 24,126	\$ (28,780)	\$ -	\$ (1,519)

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

	Title I '07	Title I 2016-2017	Title I 2017-2018	Title I SIG LaSalle	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ (364,018)	\$ -	\$ -	\$ -	\$ (97,777)	\$ -	\$ -
Receipts:							
Local sources	-	402	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	260,409	1,141,330	-	-	593,638	478,160	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	260,409	1,141,732	-	-	593,638	478,160	-
Disbursements:							
Instruction	(99,078)	1,040,274	-	-	454,486	483,575	-
Support services	(237)	355,222	-	-	37,804	75,374	-
Noninstructional services	(4,295)	8,131	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	(103,610)	1,403,627	-	-	492,290	558,949	-
Excess (deficiency) of receipts over disbursements	364,019	(261,895)	-	-	101,348	(80,789)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(3,572)	-	-
Total other financing sources (uses)	-	-	-	-	(3,572)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	364,019	(261,895)	-	-	97,776	(80,789)	-
Cash and investments - ending	\$ 1	\$ (261,895)	\$ -	\$ -	\$ (1)	\$ (80,789)	\$ -

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

	94-142 '04-05	Special Education Preschool 2017	Special Education Preschool 2018	Medicaid Reimbursement - Federal	Improv Teacher Quality '07-08	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 2017-2018
Cash and investments - beginning	\$ (3,662)	\$ -	\$ -	\$ 161,525	\$ (10,813)	\$ (17,168)	\$ -
Receipts:							
Local sources	-	-	-	-	-	(78)	-
State sources	-	-	-	-	-	-	-
Federal sources	11,012	37,935	-	259,617	172,270	43,661	617
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	11,012	37,935	-	259,617	172,270	43,583	617
Disbursements:							
Instruction	7,350	48,507	-	-	69,999	21	-
Support services	-	-	-	5,389	144,689	26,393	617
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	7,350	48,507	-	5,389	214,688	26,414	617
Excess (deficiency) of receipts over disbursements	3,662	(10,572)	-	254,228	(42,418)	17,169	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,662	(10,572)	-	254,228	(42,418)	17,169	-
Cash and investments - ending	\$ -	\$ (10,572)	\$ -	\$ 415,753	\$ (53,231)	\$ 1	\$ -

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

	Title II Part A 2018-2019	Title III - English Proficiency Migrant 2016-2018	Title III - English Proficiency Migrant 2017-2019	Payroll Clearing	Prepaid Lunch Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,247	\$ -	\$ 8,513,446
Receipts:						
Local sources	-	(827)	-	-	-	32,425,053
State sources	-	-	-	-	-	36,497,779
Federal sources	-	827	10,319	-	-	5,014,566
Temporary loans	-	-	-	-	-	3,393,408
Other	-	-	-	25,755,317	-	26,141,807
Total receipts	-	-	10,319	25,755,317	-	103,472,613
Disbursements:						
Instruction	-	-	-	-	-	27,017,730
Support services	-	-	11,039	-	-	21,167,565
Noninstructional services	-	-	-	-	-	3,002,650
Facilities acquisition and construction	-	-	-	-	-	1,019,170
Debt service	-	-	-	-	-	9,029,595
Nonprogrammed charges	-	-	-	25,758,564	-	25,758,564
Total disbursements	-	-	11,039	25,758,564	-	86,995,274
Excess (deficiency) of receipts over disbursements	-	-	(720)	(3,247)	-	16,477,339
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	39,251
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	622,011
Transfers out	-	-	-	-	-	(622,011)
Total other financing sources (uses)	-	-	-	-	-	39,251
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(720)	(3,247)	-	16,516,590
Cash and investments - ending	\$ -	\$ -	\$ (720)	\$ -	\$ -	\$ 25,030,036

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	General	Referendum Tax Levy	Debt Service	Exempt Debt	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 3,910,687	\$ 1,133,946	\$ 387,007	\$ 3,278,601	\$ -	\$ 1,249,117	\$ 342,430	\$ 96,735
Receipts:								
Local sources	646,534	1,828,798	558,878	5,865,047	394,804	2,249,317	540,211	90,763
State sources	37,017,905	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	(12,822)	571,000	208,822	480,000	280,000	1,164,000	252,000	36,000
Other	21,691	-	-	-	-	23,500	74,078	-
Total receipts	37,673,308	2,399,798	767,700	6,345,047	674,804	3,436,817	866,289	126,763
Disbursements:								
Instruction	22,497,738	596,575	-	-	-	-	-	-
Support services	11,732,811	1,042,782	-	-	-	1,837,219	705,318	68,069
Noninstructional services	460,060	-	-	-	-	-	-	-
Facilities acquisition and construction	949,059	-	-	-	-	278,012	-	-
Debt service	-	740,000	569,986	6,293,331	395,500	1,382,000	350,000	31,000
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	35,639,668	2,379,357	569,986	6,293,331	395,500	3,497,231	1,055,318	99,069
Excess (deficiency) of receipts over disbursements	2,033,640	20,441	197,714	51,716	279,304	(60,414)	(189,029)	27,694
Other financing sources (uses):								
Proceeds of long-term debt	35,440	-	-	-	-	-	-	-
Sale of capital assets	161	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	278,254	138,231	1,317
Transfers out	(1,282,992)	(400,000)	(252,700)	-	-	-	-	-
Total other financing sources (uses)	(1,247,391)	(400,000)	(252,700)	-	-	278,254	138,231	1,317
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	786,249	(379,559)	(54,986)	51,716	279,304	217,840	(50,798)	29,011
Cash and investments - ending	\$ 4,696,936	\$ 754,387	\$ 332,021	\$ 3,330,317	\$ 279,304	\$ 1,466,957	\$ 291,632	\$ 125,746

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Rainy Day	Construction	MHS Construction	Steele Stadium Improvement	Construction 2017	Common School Loan A0807	Construction 2018
Cash and investments - beginning	\$ 81,771	\$ 1,734	\$ 11,995	\$ -	\$ 12,922,160	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	3,420	162,000	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	3,420	162,000	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	1,734	11,363	-	-	-	42,020
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	632	-	8,582,016	162,000	285,202
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	1,734	11,995	-	8,582,016	162,000	327,222
Excess (deficiency) of receipts over disbursements	-	(1,734)	(11,995)	-	(8,578,596)	-	(327,222)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	400,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	400,000	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	400,000	(1,734)	(11,995)	-	(8,578,596)	-	(327,222)
Cash and investments - ending	\$ 481,771	\$ -	\$ -	\$ -	\$ 4,343,564	\$ -	\$ (327,222)

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	A0558 - Gift Donations	Common School Loan A0568	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Joint Services Preschool
Cash and investments - beginning	\$ -	\$ -	\$ 385,116	\$ (385,558)	\$ 149,803	\$ 510,807	\$ -
Receipts:							
Local sources	-	71,733	666,715	156,557	-	6,228,884	-
State sources	-	-	43,892	267,957	-	-	-
Federal sources	-	-	1,987,018	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	227	28,867	-	-
Total receipts	-	71,733	2,697,625	424,741	28,867	6,228,884	-
Disbursements:							
Instruction	-	17,276	-	7,018	-	-	-
Support services	-	-	4,988	243,075	-	3,468,969	-
Noninstructional services	-	-	2,447,510	-	-	-	-
Facilities acquisition and construction	-	71,733	-	-	141,762	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	28,502	-	-	3,928,712	-
Total disbursements	-	89,009	2,481,000	250,093	141,762	7,397,681	-
Excess (deficiency) of receipts over disbursements	-	(17,276)	216,625	174,648	(112,895)	(1,168,797)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	459,569	-	657,992	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	459,569	-	657,992	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(17,276)	216,625	634,217	(112,895)	(510,805)	-
Cash and investments - ending	\$ -	\$ (17,276)	\$ 601,741	\$ 248,659	\$ 36,908	\$ 2	\$ -

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Joint Services and Supply - Area Vocational School	Joint Services Campus Program	Oaklawn Campus Program	Historical Society	Alternative Education	Early Literacy Intervention Grant 16-17	Early Literacy Intervention Grant 17-18
Cash and investments - beginning	\$ 17	\$ 201,522	\$ -	\$ 4,234	\$ 44,999	\$ 20,647	\$ -
Receipts:							
Local sources	-	20,782	250,000	67,514	-	-	-
State sources	-	-	-	-	57,702	-	25,832
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	16,000	-	-	-
Other	-	-	-	5,000	-	-	-
Total receipts	-	20,782	250,000	88,514	57,702	-	25,832
Disbursements:							
Instruction	-	-	364,397	-	-	-	861
Support services	19	10	105,071	24,541	-	20,647	1,107
Noninstructional services	-	-	-	33,387	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	12,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	19	10	469,468	69,928	-	20,647	1,968
Excess (deficiency) of receipts over disbursements	(19)	20,772	(219,468)	18,586	57,702	(20,647)	23,864
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	222,295	329	-	-	-
Transfers out	-	(222,295)	-	-	-	-	-
Total other financing sources (uses)	-	(222,295)	222,295	329	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19)	(201,523)	2,827	18,915	57,702	(20,647)	23,864
Cash and investments - ending	\$ (2)	\$ (1)	\$ 2,827	\$ 23,149	\$ 102,701	\$ -	\$ 23,864

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Lilly Endowment Grant	United Way- PLTW	MHS Weight Room	Rose Klaer Athletic/ Cheer Statue; MHS	Education Foundations	United Way- Kindergarten Camps	General Donation Account
Cash and investments - beginning	\$ 17,934	\$ -	\$ -	\$ 96,355	\$ 146,266	\$ -	\$ 7,067
Receipts:							
Local sources	-	6,000	49,000	-	99,003	7,000	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	6,000	49,000	-	99,003	7,000	-
Disbursements:							
Instruction	-	-	-	-	13,305	-	-
Support services	17,934	4,698	-	-	191,005	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	49,816	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	17,934	4,698	-	49,816	204,310	-	-
Excess (deficiency) of receipts over disbursements	(17,934)	1,302	49,000	(49,816)	(105,307)	7,000	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,934)	1,302	49,000	(49,816)	(105,307)	7,000	-
Cash and investments - ending	\$ -	\$ 1,302	\$ 49,000	\$ 46,539	\$ 40,959	\$ 7,000	\$ 7,067

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Scholarships and Awards	Construction, Remodeling, and Equipping Buildings	Project Lead the Way 08-09	Klear Landscaping @ MHS & Baker (donation)	Formative Assessment	IN Preschool Grants	Instruction Support
Cash and investments - beginning	\$ 500	\$ -	\$ 10,493	\$ 63,455	\$ -	\$ 20,988	\$ -
Receipts:							
Local sources	-	47,500	-	-	-	-	-
State sources	-	-	-	-	63,157	-	49,046
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	47,500	-	-	63,157	-	49,046
Disbursements:							
Instruction	-	-	10,139	-	-	2,099	8,471
Support services	100	-	169	-	62,883	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	100	-	10,308	-	62,883	2,099	8,471
Excess (deficiency) of receipts over disbursements	(100)	47,500	(10,308)	-	274	(2,099)	40,575
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(100)	47,500	(10,308)	-	274	(2,099)	40,575
Cash and investments - ending	\$ 400	\$ 47,500	\$ 185	\$ 63,455	\$ 274	\$ 18,889	\$ 40,575

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Gifted and Talented	Gifted and Talented 16-17	Common School Loan A2898	Common School Loan A2964	Common School Loan A2990	Common School Loan B0023	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ 13,486	\$ -	\$ -	\$ -	\$ -	\$ 294,934
Receipts:							
Local sources	-	-	-	-	101,900	112,573	245
State sources	-	-	-	-	-	-	215,186
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	106,288	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	106,288	101,900	112,573	215,431
Disbursements:							
Instruction	-	13,485	-	-	101,900	125,000	15,187
Support services	-	-	-	106,288	-	-	10,793
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	13,485	-	106,288	101,900	125,000	25,980
Excess (deficiency) of receipts over disbursements	-	(13,485)	-	-	-	(12,427)	189,451
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(13,485)	-	-	-	(12,427)	189,451
Cash and investments - ending	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ (12,427)	\$ 484,385

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Non-English Speaking Programs	Non-English Speaking Program 16-17	School Technology	Career and Technical Performance Grant	Senator David Ford Technology	Project Lead the Way	Title I
Cash and investments - beginning	\$ -	\$ 2,690	\$ 5,724	\$ 24,126	\$ (28,780)	\$ -	\$ (1,519)
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	16,250	-	7,770	28,566	29,980	-	-
Federal sources	-	-	-	-	-	-	38,819
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	16,250	-	7,770	28,566	29,980	-	38,819
Disbursements:							
Instruction	-	426	-	20,091	-	-	30,591
Support services	4,662	2,264	13,494	-	1,200	-	3,824
Noninstructional services	-	-	-	-	-	-	2,885
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	4,662	2,690	13,494	20,091	1,200	-	37,300
Excess (deficiency) of receipts over disbursements	11,588	(2,690)	(5,724)	8,475	28,780	-	1,519
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,588	(2,690)	(5,724)	8,475	28,780	-	1,519
Cash and investments - ending	\$ 11,588	\$ -	\$ -	\$ 32,601	\$ -	\$ -	\$ -

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Title I '07	Title I 2016-2017	Title I 2017-2018	Title I SIG LaSalle	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 1	\$ (261,895)	\$ -	\$ -	\$ (1)	\$ (80,789)	\$ -
Receipts:							
Local sources	-	(402)	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	395,714	969,103	-	-	802,140	178,658
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	395,312	969,103	-	-	802,140	178,658
Disbursements:							
Instruction	-	84,680	811,472	-	-	639,136	221,452
Support services	-	27,640	281,745	154	-	106,342	2,261
Noninstructional services	-	-	7,225	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	21,100	-	-	-	-	-
Total disbursements	-	133,420	1,100,442	154	-	745,478	223,713
Excess (deficiency) of receipts over disbursements	-	261,892	(131,339)	(154)	-	56,662	(45,055)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	261,892	(131,339)	(154)	-	56,662	(45,055)
Cash and investments - ending	\$ 1	\$ (3)	\$ (131,339)	\$ (154)	\$ (1)	\$ (24,127)	\$ (45,055)

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	94- 142 '04-05	Special Education Preschool 2017	Special Education Preschool 2018	Medicaid Reimbursement - Federal	Improv Teacher Quality '07-08	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 2017-2018
Cash and investments - beginning	\$ -	\$ (10,572)	\$ -	\$ 415,753	\$ (53,231)	\$ 1	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	14,035	36,354	188,704	51,892	-	210,285
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	14,035	36,354	188,704	51,892	-	210,285
Disbursements:							
Instruction	-	3,465	38,197	-	-	-	73,017
Support services	-	-	-	24,039	(1,338)	-	136,654
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	3,465	38,197	24,039	(1,338)	-	209,671
Excess (deficiency) of receipts over disbursements	-	10,570	(1,843)	164,665	53,230	-	614
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	10,570	(1,843)	164,665	53,230	-	614
Cash and investments - ending	\$ -	\$ (2)	\$ (1,843)	\$ 580,418	\$ (1)	\$ 1	\$ 614

SCHOOL CITY OF MISHAWAKA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Title II Part A 2018-2019	Title III - English Proficiency Migrant 2016-2018	Title III - English Proficiency Migrant 2017-2019	Title III - English Proficiency Migrant 2017-2019	Payroll Clearing	Prepaid Lunch Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (720)	\$ -	\$ -	\$ -	\$ 25,030,036
Receipts:							
Local sources	-	-	-	-	-	-	20,224,776
State sources	-	-	-	-	-	-	37,823,243
Federal sources	64,951	-	3,409	10,239	-	-	4,951,321
Temporary loans	-	-	-	-	-	-	3,101,288
Other	-	-	-	-	27,090,561	354,816	27,598,740
Total receipts	64,951	-	3,409	10,239	27,090,561	354,816	93,699,368
Disbursements:							
Instruction	18,685	-	-	10,575	-	-	25,725,238
Support services	54,014	-	2,688	571	-	-	20,363,827
Noninstructional services	-	-	-	-	-	-	2,951,067
Facilities acquisition and construction	-	-	-	-	-	-	10,520,232
Debt service	-	-	-	-	-	-	9,773,817
Nonprogrammed charges	-	-	-	-	27,083,831	336,230	31,398,375
Total disbursements	72,699	-	2,688	11,146	27,083,831	336,230	100,732,556
Excess (deficiency) of receipts over disbursements	(7,748)	-	721	(907)	6,730	18,586	(7,033,188)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	35,440
Sale of capital assets	-	-	-	-	-	-	161
Transfers in	-	-	-	-	-	-	2,157,987
Transfers out	-	-	-	-	-	-	(2,157,987)
Total other financing sources (uses)	-	-	-	-	-	-	35,601
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,748)	-	721	(907)	6,730	18,586	(6,997,587)
Cash and investments - ending	\$ (7,748)	\$ -	\$ 1	\$ (907)	\$ 6,730	\$ 18,586	\$ 18,032,449

(This page intentionally left blank.)

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2018

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 732,708	\$ 355,159

SCHOOL CITY OF MISHAWAKA  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Mishawaka 2001 School Building Corporation	Capital Referendum 2017	\$ 558,500	04/11/2017	12/31/2032
Mishawaka 2001 School Building Corporation	\$5M facilities scoreboard plaza	186,000	07/12/2018	12/31/2037
Mishawaka 2001 School Building Corporation	Beiger School	1,547,500	06/30/2006	12/31/2023
Mishawaka 2001 School Building Corporation	Building Renovation- MHS	1,201,000	12/31/2006	12/31/2025
School City of Mishawaka Multi-School Corporation	Liberty School Additions to John Young & Mhs	2,736,500	06/30/1999	12/31/2023
Total of annual lease payments		\$ 6,229,500		

-44-

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Mishawaka 2001 School Building Corporation	Debt Serv. Transportation Capital Projects Historical Society Fund	\$ 2,995,000	\$ 3,058,742
Mishawaka 2001 School Building Corporation	TCU Bus Loan	7,905	8,055
Mishawaka 2001 School Building Corporation	Common School Fund Loan A2898	193,127	44,741
Mishawaka 2001 School Building Corporation	Common School Fund Loan A2964	95,659	22,161
Mishawaka 2001 School Building Corporation	Common School Fund Loan A2990	101,900	10,768
Mishawaka 2001 School Building Corporation	Common School Loan - A0524	318,750	49,875
Mishawaka 2001 School Building Corporation	Common School Loan - A0568	886,667	160,867
Mishawaka 2001 School Building Corporation	Common School Loan - A0610	55,000	56,650
Mishawaka 2001 School Building Corporation	Common School Loan - A1551	10,000	10,050
Mishawaka 2001 School Building Corporation	Common School Loan - A1588	10,000	10,050
Mishawaka 2001 School Building Corporation	Energy Savings - QZAB 2014	740,000	127,940
Mishawaka 2001 School Building Corporation	Energy Savings 2014	1,841,254	326,424
Mishawaka 2001 School Building Corporation	Energy Savings 2011	2,280,000	326,119
Totals		\$ 9,535,262	\$ 4,212,442

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2018

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.

	Ending Balance
Governmental activities:	
Land	\$ 563,251
Buildings	100,141,541
Improvements other than buildings	5,774,553
Machinery, equipment, and vehicles	<u>12,187,678</u>
 Total capital assets	 <u>\$ 118,667,023</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE SCHOOL CITY OF MISHAWAKA, ST. JOSEPH COUNTY, INDIANA

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

We have audited the School City of Mishawaka's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

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

As described in item 2018-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

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

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the period of July 1, 2016 to June 30, 2018.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2016 to June 30, 2018.

***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 item 2018-003. 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.

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

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 2018-002, 2018-003, 2018-004, and 2018-005, that we consider to be material weaknesses.

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

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

February 12, 2019

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

SCHOOL CITY OF MISHAWAKA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2017 and 2018

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	Total Federal Awards Expended 06-30-17		Total Federal Awards Expended 06-30-18	
				Passed Through to Subrecipient 06-30-17	Passed Through to Subrecipient 06-30-17	Passed Through to Subrecipient 06-30-18	Passed Through to Subrecipient 06-30-18
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2016/2017	\$ -	\$ 327,524	\$ -	\$ -
School Breakfast Program			FY 2017/2018	-	-	-	350,910
School Breakfast Program				-	327,524	-	350,910
Total - School Breakfast Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 2016/2017	-	1,593,304	-	-
National School Lunch Program			FY 2017/2018	-	-	-	1,617,855
National School Lunch Program				-	204,328	-	-
National School Lunch Commodities			FY 2017/2018	-	-	-	201,684
National School Lunch Commodities				-	-	-	
Total - National School Lunch Program					1,797,632	-	1,819,539
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2017/2018	-	-	-	
Summer Food Service Program				-	-	-	11,148
Total - Child Nutrition Cluster					2,125,156	-	2,181,597
Total - Department of Agriculture					2,125,156	-	2,181,597
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14215-041-PN01	-	95,448	-	-
FY 2015 Federal Part B 611 Grant			14216-039-PN01	-	498,189	-	-
FY 2016 Federal Part B 611 Grant			14217-039-PN01	-	478,160	-	802,140
FY 2017 Federal Part B 611 Grant			18611-039-PN01	-	-	-	178,658
Total - Special Education Grants to States					1,071,797	-	980,798
Special Education Preschool Grants	Indiana Department of Education	84.173	14216-039-PN01	-	11,012	-	-
FY 2016 Special Education Preschool Grant			45717-039-PN01	-	37,935	-	14,035
FY 2017 Special Education Preschool Grant			18619-036-PN01	-	-	-	36,354
Total - Special Education Preschool Grants					48,947	-	50,389
Total - Special Education Cluster (IDEA)					1,120,744	-	1,031,187

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

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

SCHOOL CITY OF MISHAWAKA  
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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
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	Unmodified
	Title I Grants to Local Educational Agencies	Unmodified
	Special Education Cluster (IDEA)	Qualified

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

Auditee qualified as low-risk auditee? no

***Section II - Financial Statement Findings***

***FINDING 2018-001***

Subject: Financial Transactions and Reporting

Audit Finding: Material Weakness

*Condition*

The following deficiencies existed in the internal control system of the School Corporation related to financial transactions and reporting of disbursements:

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Disbursements - Fringe Benefits*

There were no internal controls in place to ensure that all disbursements were approved by the School Board (Board). The School Corporation's share of fringe benefits were not approved by the Board. These included payments to the Teacher's Retirement Fund and the Public Employee's Retirement Fund, payments for life insurance, and the School Corporation's share of Social Security and Medicare taxes.

*Disbursements - Compensation Paid from Multiple Sources*

An effective internal control system was not in place to ensure that wages were properly allocated between multiple funds based on the supporting time records. One employee's time records indicated that all of his time was worked within the food service program and should have been paid from the School Lunch fund; however, a portion of his wages were paid from the General fund.

*Context*

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

*Criteria*

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

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

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

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

*Cause*

Management of the School Corporation had not established a proper system of internal control.

*Effect*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

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

*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 2018-002***

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016/2017, FY 2017/2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/  
Cost Principles, Eligibility, Program Income

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit regarding Program Income. The prior audit finding number was 2016-003.

*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 compliance requirements listed above.

*Activities Allowable or Unallowed and Allowable Costs/Cost Principles*

No evidence existed to indicate that payroll and vendor transactions posted to the School Lunch fund were reviewed by a knowledgeable individual. Monthly revenue and expense reports were provided to the School Lunch Director; however, there was no evidence to indicate that the reports were reviewed.

*Eligibility*

The School Corporation used a food service software which automatically made the eligibility determinations dependent upon the information entered into the software by applicants or School Corporation personnel. The School Corporation did not have a documented system of oversight or review to ensure that the federal income guidelines entered into the software program were accurate.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Program Income*

There was no effective control system in place at the School Corporation that would have ensured that correct amounts for program income were entered into the School Corporation's financial accounting system from the cafeteria financial reporting system. Amounts were entered into the School Corporation's financial accounting system without a system of oversight, review, or approval. The Controller wrote a receipt to record earned program income based on a report created by the food service software system each month. Copies of the receipts were not provided to the Food Service Department to ensure that correct amounts were receipted. Monthly revenue and expense reports were provided to the School Lunch Director; however, there was no evidence to indicate that the reports were reviewed.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the compliance requirements listed above.

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Views of Responsible Officials*

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

**FINDING 2018-003**

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016/2017, FY 2017/2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Condition*

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

The School Corporation did not follow its own policy or the federal requirements for procurement for small purchases or contracted purchases. The School Corporation did not obtain multiple quotes from different vendors before making small purchases or contracted purchases.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.318(i) states: "The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish an effective internal control system to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2018-004**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security

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): #16-7200, #17-7200, #18-7200,  
S010A160014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

*Condition*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation had not established an effective control to ensure that the proper employees received and signed the Indiana Testing Security and Integrity Training Agreements.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

*Views of Responsible Officials*

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2018-005***

Subject: Special Education - Grants to States - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance  
Federal Agency: Department of Education  
Federal Program: Special Education - Grants to States  
CFDA Number: 84.027  
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-041-PN01, 14216-039-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior year audit finding number was 2016-008.

*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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements.

Disbursements were charged to the grant funds without adequate documentation to ensure compliance with the compliance requirements listed above. Expenditures originally paid from one Special Education grant were transferred to another Special Education grant without adequate documentation. These expenditures were considered questioned costs as follows:

There were two transfers that affected both Federal Award Number 14215-041-PN01 (fund 5247) and Federal Award Number 14216-039-PN01 (fund 5248).

1. Expenditures totaling \$80,809 were transferred from fund 5248 to fund 5247 without proper supporting documentation.
2. Expenditures totaling \$31,060 were transferred from fund 5247 to fund 5248, but the accounts included in the adjustment had insufficient funds to justify the transfer.

*Context*

The lack of controls and noncompliance only applied to the end of Federal Award Number 14215-041-PN01 and the beginning of Federal Award Number 14216-039-PN01.

*Criteria*

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

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

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

34 CFR 80.23 states:

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

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

2 CFR 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

SCHOOL CITY OF MISHAWAKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

34 CFR 76.730 states:

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

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

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

*Cause*

The School Corporation had not developed or implemented a system of internal controls that would have ensured compliance with the grant agreement and the compliance requirements listed above.

*Effect*

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

*Questioned Costs*

There were known questioned costs of \$111,869 as detailed in the *Condition*. Of these questioned costs, \$80,809 were from Federal Award Number 14215-041-PN01 and \$31,060 were from Federal Award Number 14216-039-PN01.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Performance compliance requirements.

*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.



# School City of Mishawaka

*Creating a Culture of Excellence*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-001**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. The Account Payable (AP) person records deposits and the Controller then checks for accuracy and initials the deposit slip. The Accounts Payable person also prints the receipt audit and verifies the account numbers for each receipt. During our monthly review, the CFO also initials the receipt audit, in addition to any correcting entries.

(Signature)

(Title)

(Date)

## Administrative Center

1402 South Main Street • Mishawaka, IN 46544-5297

phone [574] 254-4500 • fax [574] 254-4585 • [scm.mishawaka.k12.in.us](mailto:scm.mishawaka.k12.in.us)



# School City of Mishawaka

*Creating a Culture of Excellence*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-002**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. No portion of the Treasurer's salary or benefits are being charged to the Food Service Program. The administration understands this was not an allowable cost and has discontinued the practice as of November 2015.

(Signature)

(Title)

(Date)

## **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297

phone [574] 254-4500 • fax [574] 254-4585 • scm.mishawaka.k12.in.us



# School City of Mishawaka

*Equipping Students to Excel*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-003**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

The Controller now prints, signs, and shares a copy of the monthly receipt with the Food Service Department to ensure it was input correctly. The Food Service department then signs the receipt and files it for documentation purposes.

Due to the timing of the previous audit which ended November 2017, Internal Controls were not in place implemented until January 2018. As a result, the period being audited will have instances where the internal controls were not present.

A handwritten signature in black ink that appears to read "Alex M. Newman".

(Signature)

A handwritten title in black ink that appears to read "CFO".

(Title)

A handwritten date in black ink that appears to read "1-14-19".

(Date)

## **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297 • phone [574] 254-4500 • fax [574] 254-4585



# School City of Mishawaka

*Creating a Culture of Excellence*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-004**

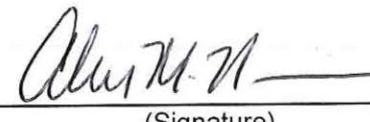
Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

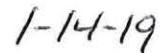
Corrective action has taken place. The Food Service Coordinator and Administrative Assistant are both reviewing the Verification Summary Reports. The Annual Financial Report is prepared by the Food Service Department with review and signature completed by the CFO and Director of Business Services.



(Signature)



(Title)



(Date)

## **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297

phone [574] 254-4500 • fax [574] 254-4585 • scm.mishawaka.k12.in.us



# School City of Mishawaka

Equipping Students to Excel

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-005**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. The Grant Director and/or CFO submits to the Payroll Specialist the list of employees to be paid from grant funds. Each time a reimbursement is filed, the list of employees paid from the grant is provided to the Grant Director to ensure accuracy. The Grant Director then verifies the employees are correct prior to signing off on the reimbursement. In addition, the comparability report is being prepared by the Administrative Assistant for Instruction & Curriculum with oversight and approval from the Grant Director.

(Signature)

(Title)

(Date)

## Administrative Center

1402 South Main Street • Mishawaka, IN 46544-5297 • phone [574] 254-4500 • fax [574] 254-4585



# School City of Mishawaka

*Creating a Culture of Excellence*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-006**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. Transfer mobility records are kept for a period of 10 years. The withdrawal form signed by both the student and parent has been modified so the parent further verifies the reason for the student withdrawing from school. In addition, the school will send a certified letter to a parent's given address if no request for records have been received within six months. If the letter is returned undeliverable, the letter is being kept with the transfer mobility record of the student.

(Signature)

(Title)

(Date)

## **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297

phone [574] 254-4500 • fax [574] 254-4585 • [scm.mishawaka.k12.in.us](mailto:scm.mishawaka.k12.in.us)



# School City of Mishawaka

*Creating a Culture of Excellence*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-007**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. School City of Mishawaka now requires any newly hired paraprofessional who cannot provide documentation of completion of at least 2 years of study at an institution of higher education or obtained an associate's (or higher) degree to provide documentation of a secondary school (high school) diploma or its recognized equivalent (GED). Paraprofessionals providing secondary documentation will also be required to successfully complete the Praxis Parapro Assessment exam.

A handwritten signature in black ink, appearing to read "Alex Newman".

(Signature)

A handwritten title "CFO" in black ink.

(Title)

A handwritten date "1-14-19" in black ink.

(Date)

### **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297

phone [574] 254-4500 • fax [574] 254-4585 • [scm.mishawaka.k12.in.us](mailto:scm.mishawaka.k12.in.us)



# School City of Mishawaka

Equipping Students to Excel

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-008**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. No retirement or severance payments are being made from these grant funds. In addition, Personnel Activity Reports are being completed by the appropriate employees and those reports are checked for accuracy by the Director of Exceptional Learners. The Director and Controller work together to ensure transfer requests are for allowable activities, and they occurred within the period of performance.

Due to the timing of the previous audit which ended in November 2017, Internal Controls were not implemented until January 2018. As a result, the period being audited will have instances where the internal controls were not implemented.

A handwritten signature in black ink, appearing to read "Alex M. Newman".

(Signature)

The title "CFO" handwritten in black ink.

(Title)

The date "1-14-19" handwritten in black ink.

(Date)

## Administrative Center

1402 South Main Street • Mishawaka, IN 46544-5297 • phone [574] 254-4500 • fax [574] 254-4585



# School City of Mishawaka

*Equipping Students to Excel*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-009**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. The Exceptional Learners Department and Business Department shall confirm that any vendors paid from grant funds are not suspended or debarred by checking the Federal Government's system for award management. Documentation showing the vendor is not on the suspended or debarred list will be included with any contracts or expenditure paperwork related these Federal grants.

A handwritten signature in black ink, appearing to read "Alex Newman".

(Signature)

A handwritten title in black ink, appearing to read "CFO".

(Title)

A handwritten date in black ink, appearing to read "1-14-19".

(Date)

## Administrative Center

1402 South Main Street • Mishawaka, IN 46544-5297 • phone [574] 254-4500 • fax [574] 254-4585



# School City of Mishawaka

*Equipping Students to Excel*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-010**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. The Exceptional Learners and Business Departments have developed an effective internal control system that ensures compliance with the Maintenance of Effort requirement. The Business Department calculates the expenditures by account, using the same financial information provided on the bi-annual financial report. The MOE data used is consistent from year to year.

A handwritten signature in black ink, appearing to read "Alex N. Newman".

(Signature)

A handwritten title in black ink, appearing to read "CFO".

(Title)

A handwritten date in black ink, appearing to read "1-14-19".

(Date)

## **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297 • phone [574] 254-4500 • fax [574] 254-4585



# School City of Mishawaka

*Equipping Students to Excel*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-011**

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Alex Newman, CFO

Contact Phone Number: 574-254-4503

Status of Audit Finding:

Corrective action has taken place. The Administrative Assistant for Exceptional Learners verifies the accuracy of the Special Education count with SCM's Data Specialist. Any conflicts are resolved at that time. The Special Education report is sent to the Data Specialist on a weekly basis and the Real Time report is updated based on the Special Education report. Once any conflicts are resolved, the Special Education report is resubmitted and the Data Specialist and Director of Exceptional Learners both sign off.

A handwritten signature in black ink that appears to read "Alex Newman".

(Signature)

A handwritten signature in black ink that appears to read "CFO".

(Title)

A handwritten signature in black ink that appears to read "1-14-19".

(Date)

## **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297 • phone [574] 254-4500 • fax [574] 254-4585



# School City of Mishawaka

*Equipping Students to Excel*

## **FINDING 2018-001**

Contact Person Responsible for Corrective Action: Alex Newman, CFO & Director of Business  
Contact Phone Number: 574-254-4503

**Views of Responsible Official:** We concur with the finding.

**Description of Corrective Action Plan:** The Check Registers associated with the payment of fringe benefits will be emailed by the Payroll Coordinator to Accounts Payable following the docket run. Accounts Payable will print these Check Registers and include them with the Check Registers from the normal A/P docket. These Check Registers will be added together by Accounts Payable and the documentation for Board Approval will be reviewed and signed off on by the Chief Financial Officer. Once verified by the Chief Financial Officer, the Check Registers and Summary document will be sent to the Superintendent's Office and included on the agenda for approval at the next Board Meeting.

**Anticipated Date of Completion:** February 2019

## **FINDING 2018-002**

Contact Person Responsible for Corrective Action: Peggy Baer, Food Service Coordinator  
Contact Phone Number: 574-254-4508

**Views of Responsible Official:** We concur with the findings, but question whether findings from the previous audit were repeated.

**Description of Corrective Action Plan:** All payroll timecards are reviewed and approved by the Food Service Coordinator. However, we agree there was no detailed reporting provided to the Food Service Coordinator following the calculation of payroll to verify that employees were not charged to the Food Service Program by mistake. Moving forward, distribution reports will be printed from the Payroll System and provided to the Food Service Coordinator for review after each payroll date. The Food Service Coordinator will review the employees listed in the report, sign, and file the report for documentation purposes. If any employees were charged incorrectly, the Food Service Coordinator will let the Payroll Coordinator know and the appropriate correction will be made.

School City of Mishawaka utilizes NutriKids software system to determine eligibility for free and reduced school lunch prices. The parameters that are used to determine eligibility are defined by the State of Indiana and provided directly to the NutriKids software system. Moving forward, the Food Service Coordinator and Assistant will print the parameters out of the NutriKids system, compare the figures to that of the state, and sign off that they are accurate.

In the immediate prior audit, School City of Mishawaka received finding 2016-003 which stated the receipting done by the Controller was not being reviewed by the Food Service Department once entered

## **Administrative Center**

1402 South Main Street • Mishawaka, IN 46544-5297 • phone [574] 254-4500 • fax [574] 254-4585

into the system. The corrective action plan stated that the receipt would be printed off and provided to the Food Service Department on a monthly basis to ensure accuracy. This procedure was put in place in January 2018. The School Corporation does acknowledge that the adjusting entries for meals purchased on account were not shared with the Food Service Coordinator, and the Coordinator did not sign each monthly receipt to document the review. Moving forward, the adjusting entries will also be shared with the Food Service Coordinator, and both the monthly receipt and adjusting entries will be signed by the Coordinator to document the review.

The Administrative Assistant for Food Service completes monthly revenue and expenditure reports for the Director of Food Service and Chief Financial Officer. Moving forward, these reports will be signed by the Director of Food Service to document the review occurred.

**Anticipated Completion Date:** March 2019

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Peggy Baer, Food Service Coordinator  
Contact Phone Number: 574-254-4508

**Views of Responsible Official:** We concur with the findings.

**Description of Corrective Action Plan:** The School Corporation acknowledges that requirements for procurement for small purchases or contracted purchases were not properly followed in certain instances. The School corporation acknowledges multiple quotes are to be obtained for small purchases. The Food Service Coordinator and Chief Financial Officer will work together to document the various vendors being utilized and make sure the proper procurement method has been used. The Food Service Department will also create a spreadsheet to track the amounts we are spending with each vendor on small purchases to ensure we are not utilizing the same vendor too often. This spreadsheet, in addition to all vendor payments, will be reviewed by the Food Service Coordinator and Chief Financial Officer during a scheduled monthly meeting to ensure compliance.

**Anticipated Completion Date:** April 2019

**FINDING 2018-004**

Contact Person Responsible for Corrective Action: Sarah Hickle, Director of Student Learning  
Contact Phone Number: 574-254-4558

**Views of Responsible Official:** We concur with the finding.

**Description of Corrective Action Plan:** The administration understands that while the School Corporation adhered to all of the requirements as outlined in the Indiana Assessment Policies, Administration, and Security Manual, a secondary internal control was not in place in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions compliance requirement.

The Corporation Test Coordinator (CTC) implemented an effective, secondary internal control system to ensure that the proper employees received the Indiana Security and Integrity Training and corresponding Agreement Form at the start of the 2018-19 School Year. This control includes a tracking log of all staff required to complete the training under the requirements set forth by the Indiana Department of Education. Further, all primary mandates as outlined in the Indiana Assessment Policies, Administration, and Security Manual were followed accordingly. The Finding in question reflects the 2016-17 & 2017-18 school years, respectively.

**Anticipated Date of Completion:** Corrective Action took place effective the start of the 2018-2019 school year.

#### **FINDING 2018-005**

Contact Person Responsible for Corrective Action: Alex Newman, CFO & Director of Business  
Contact Phone Number: 574-254-4503

**Views of Responsible Official:** We concur with the finding as it relates to this set of transfers. However, the difficulty in providing justification for the transfers results from the division of the 2014-2016 Grant allocation once the Joint Services program was dissolved.

**Description of Corrective Action Plan:** The administration understands that proper documentation was not immediately available to support the transfers of expenditures between the two Special Education Grants. While it is possible that a portion of the transfer may have been for expenditures prior to the start of the grant period, this would have been a result of dividing the grant funds between two school corporations toward the end of the grant period.

The transfer of expenditures only involved Special Education Grant funds, and did not create any new expenses. Any amount transferred would have been for Special Education related services. Again, we believe this to be an isolated incident resulting from the one-time split of a grant fund mid-way through the grant period. Moving forward, backup documentation will be provided for any adjusting entries made by the Controller. Adjustments involving Federal Grants will be documented in a way that proves the expenses took place within the period of performance. The Chief Financial Officer will review that backup documentation and adjusting entries during the monthly review process. The Chief Financial Officer will also sign off on the adjustments to document the review.

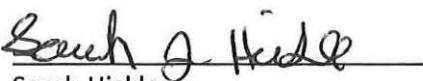
**Anticipated Date of Completion:** March 2019



Alex M. Newman  
CFO & Director of Business Services



Peggy Baer  
Food Service Coordinator



Sarah Hickle  
Director of Student Learning & Innovation

#### 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/>.