

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WA-NEE COMMUNITY SCHOOLS
ELKHART COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
06/03/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Roger B. Zentz Randi Libby	07-01-16 to 05-31-17 06-01-17 to 06-30-19
Superintendent of Schools	Joseph M. Sabo Scot Croner	07-01-16 to 06-30-17 07-01-17 to 06-30-19
President of the School Board	Don Lehman	01-01-16 to 12-31-19



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AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Wa-Nee Community Schools (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 April 29, 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, CPA
State Examiner

April 29, 2019



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART 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 Wa-Nee Community Schools (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 April 29, 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*.

Wa-Nee Community Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 29, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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WA-NEE COMMUNITY SCHOOLS
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
General	\$ 3,370,676	\$ 19,475,447	\$ 19,603,395	\$ -	\$ 3,242,728	\$ 19,639,641	\$ 19,073,989	\$ -	\$ 3,808,380
Debt Service	1,398,730	4,810,180	4,711,019	(11,855)	1,486,036	4,746,125	4,254,317	(18,546)	1,959,298
Retirement/Severance Bond Debt Service	101,516	212,512	275,244	-	38,784	99,986	138,770	-	-
Capital Projects	4,291,071	2,836,330	2,488,635	3,202	4,641,968	2,758,219	2,189,255	13,961	5,224,893
School Transportation	1,756,089	1,983,821	1,722,762	-	2,017,148	2,228,170	1,828,591	-	2,416,727
School Bus Replacement	(73,130)	382,242	53,396	-	255,716	504,751	355,026	-	405,441
Rainy Day	2,735,949	-	11,963	-	2,723,986	-	39,630	-	2,684,356
Retirement/Severance Bond	1,044	2	1,044	-	2	-	-	-	2
Construction Project #4	1,495,496	-	1,386,050	-	109,446	-	105,077	-	4,369
Construction Project #5	-	442,144	442,144	7,000,000	7,000,000	2,938	3,279	-	6,999,659
School Lunch	194,158	1,300,359	1,398,718	-	95,799	1,320,617	1,223,247	-	193,169
Textbook Rental	(139,314)	269,628	390,182	11,855	(248,013)	283,320	67,549	18,546	(13,696)
Self-Insurance	2,488,719	2,475,733	2,256,284	-	2,708,168	2,744,053	2,503,064	-	2,949,157
Educational License Plates	1,142	375	-	-	1,517	300	-	-	1,817
Alternative Education	16,559	7,993	16,344	-	8,208	4,868	13,076	-	-
Early Intervention Grant	5,593	14,318	19,911	-	-	14,771	14,771	-	-
Comp Counseling Planning Grant	-	30,000	17,792	-	12,208	298,644	64,420	-	246,432
The Morey Family Fund	-	-	-	-	-	3,000	2,399	-	601
Miscellaneous Programs	10,628	11	-	-	10,639	13	-	-	10,652
Device Insurance Fund	-	-	-	-	-	16,461	2,167	-	14,294
Formative Assessment	-	32,291	27,218	-	5,073	36,640	41,713	-	-
Gifted & Talented	3,608	38,059	25,905	-	15,762	37,892	34,322	-	19,332
Medicaid Reimbursement	6,716	13,269	2,841	-	17,144	28,002	12,998	-	32,148
Secured Schools Safety Grant	(4,700)	53,500	55,314	-	(6,514)	80,252	71,990	-	1,748
Non-English Speaking Programs	3,955	28,000	26,293	-	5,662	29,500	35,162	-	-
School Technology	81,597	69,839	16,782	-	134,654	41,964	90,332	9,520	95,806
Career and Technical Performance Grant	-	7,558	-	-	7,558	10,700	5,921	-	12,337
15-16 Title I Grant	(27,791)	176,792	149,001	-	-	-	-	-	-
16-17 Title I Grant	-	339,145	362,664	-	(23,519)	117,248	93,729	-	-
17-18 Title I Grant	-	-	-	-	-	270,266	280,503	-	(10,237)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	31,342	-	-	31,342
15-16 PL 101-476 IDEA Grant	(310,896)	378,624	67,728	-	-	-	-	-	-
16-17 PL 101-476 IDEA Grant	-	406,341	551,657	-	(145,316)	235,202	89,888	-	(2)
17-18 PL 101-476 IDEA Grant	-	-	-	-	-	-	488,072	-	(488,072)
Medicaid Reimbursement - Federal	34,848	24,216	4,427	-	54,637	51,103	2,570	-	103,170
Improving Teacher Quality, No Child Left, Title II, Part A	(14,968)	67,881	73,370	-	(20,457)	119,994	136,244	-	(36,707)
Title III - English Proficiency Migrant	(3,992)	20,998	20,418	-	(3,412)	8,833	21,643	-	(16,222)
Payroll	30,777	4,697,324	4,693,550	-	34,551	4,416,149	4,416,487	-	34,213
Prepaid Accounts	34,451	684,833	682,318	-	36,966	682,704	683,577	-	36,093
Totals	\$ 17,488,531	\$ 41,279,765	\$ 41,554,369	\$ 7,003,202	\$ 24,217,129	\$ 40,863,668	\$ 38,383,778	\$ 23,481	\$ 26,720,500

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Most of the deficits in cash were the result of the funds being set up as reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The Textbook Rental fund had negative ending cash balances due to the expenditures for curricular materials not fully collected on until the textbook rental fee has been through at least four years of collection. During this audit cycle, the School Corporation adopted major curricular materials, which resulted in a negative cash balance until the fall of 2018.

WA-NEE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with Wa-Nee Middle School Building Corporation and Wa-Nee Community 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. Lease payments during the years 2017 and 2018 totaled \$3,347,500 and \$4,120,500, respectively.

Note 9. *Subsequent Events*

On November 20, 2018, the School Corporation issued general obligation bonds in the amount of \$7,075,000 for improvements to School Corporation facility sites, including the paving project and renovations of and improvements to School Corporation facilities relating to energy efficiency and savings.

Note 10. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: health insurance and life insurance benefits offered to retirees are 100 percent funded through the retiree. For teachers retiring, a health insurance bridge payment is paid through the School Corporation's established 457 plan. Beyond the 457 plan for severance benefits, Wa-Nee Community Schools' benefits will be paid from the Rainy Day fund. These benefits pose a liability to the School Corporation for this year and in future years. In 2015, an actuarial study was completed. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,370,676	\$ 1,398,730	\$ 101,516	\$ 4,291,071	\$ 1,756,089	\$ (73,130)	\$ 2,735,949	\$ 1,044
Receipts:								
Local sources	426,534	4,810,180	212,512	2,762,930	1,976,544	382,242	-	2
Intermediate sources	441	-	-	-	-	-	-	-
State sources	18,979,801	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	68,671	-	-	73,400	7,277	-	-	-
Total receipts	19,475,447	4,810,180	212,512	2,836,330	1,983,821	382,242	-	2
Disbursements:								
Instruction	13,863,658	-	-	-	-	-	-	-
Support services	5,342,094	-	-	1,554,470	1,722,762	53,396	11,963	1,044
Noninstructional services	397,643	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	934,165	-	-	-	-
Debt service	-	4,711,019	275,244	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	19,603,395	4,711,019	275,244	2,488,635	1,722,762	53,396	11,963	1,044
Excess (deficiency) of receipts over disbursements	(127,948)	99,161	(62,732)	347,695	261,059	328,846	(11,963)	(1,042)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	3,202	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(11,855)	-	-	-	-	-	-
Total other financing sources (uses)	-	(11,855)	-	3,202	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(127,948)	87,306	(62,732)	350,897	261,059	328,846	(11,963)	(1,042)
Cash and investments - ending	\$ 3,242,728	\$ 1,486,036	\$ 38,784	\$ 4,641,968	\$ 2,017,148	\$ 255,716	\$ 2,723,986	\$ 2

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

	Construction Project #4	Construction Project #5	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant
Cash and investments - beginning	\$ 1,495,496	\$ -	\$ 194,158	\$ (139,314)	\$ 2,488,719	\$ 1,142	\$ 16,559	\$ 5,593
Receipts:								
Local sources	-	442,144	711,649	191,658	2,475,733	-	-	-
Intermediate sources	-	-	-	-	-	375	-	-
State sources	-	-	20,406	77,376	-	-	7,993	14,318
Federal sources	-	-	568,056	-	-	-	-	-
Other receipts	-	-	248	594	-	-	-	-
Total receipts	-	442,144	1,300,359	269,628	2,475,733	375	7,993	14,318
Disbursements:								
Instruction	-	-	-	-	-	-	16,050	-
Support services	-	-	-	390,182	5,159	-	-	19,911
Noninstructional services	-	-	1,398,718	-	-	-	-	-
Facilities acquisition and construction	1,386,050	442,144	-	-	-	-	294	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,251,125	-	-	-
Total disbursements	1,386,050	442,144	1,398,718	390,182	2,256,284	-	16,344	19,911
Excess (deficiency) of receipts over disbursements	(1,386,050)	-	(98,359)	(120,554)	219,449	375	(8,351)	(5,593)
Other financing sources (uses):								
Proceeds of long-term debt	-	7,000,000	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	11,855	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	7,000,000	-	11,855	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,386,050)	7,000,000	(98,359)	(108,699)	219,449	375	(8,351)	(5,593)
Cash and investments - ending	\$ 109,446	\$ 7,000,000	\$ 95,799	\$ (248,013)	\$ 2,708,168	\$ 1,517	\$ 8,208	\$ -

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

	Comp Counseling Planning Grant	The Morey Family Fund	Miscellaneous Programs	Device Insurance Fund	Formative Assessment	Gifted & Talented	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ -	\$ 10,628	\$ -	\$ -	\$ 3,608	\$ 6,716	\$ (4,700)
Receipts:								
Local sources	30,000	-	11	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	32,291	38,059	13,269	53,500
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>30,000</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>32,291</u>	<u>38,059</u>	<u>13,269</u>	<u>53,500</u>
Disbursements:								
Instruction	-	-	-	-	-	25,905	-	-
Support services	17,792	-	-	-	27,218	-	2,841	42,036
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	13,278
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>17,792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,218</u>	<u>25,905</u>	<u>2,841</u>	<u>55,314</u>
Excess (deficiency) of receipts over disbursements	<u>12,208</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>5,073</u>	<u>12,154</u>	<u>10,428</u>	<u>(1,814)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>12,208</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>5,073</u>	<u>12,154</u>	<u>10,428</u>	<u>(1,814)</u>
Cash and investments - ending	<u>\$ 12,208</u>	<u>\$ -</u>	<u>\$ 10,639</u>	<u>\$ -</u>	<u>\$ 5,073</u>	<u>\$ 15,762</u>	<u>\$ 17,144</u>	<u>\$ (6,514)</u>

WA-NEE COMMUNITY SCHOOLS
 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	School Technology	Career and Technical Performance Grant	15-16 Title I Grant	16-17 Title I Grant	17-18 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	15-16 PL 101-476 IDEA Grant
Cash and investments - beginning	\$ 3,955	\$ 81,597	\$ -	\$ (27,791)	\$ -	\$ -	\$ -	\$ (310,896)
Receipts:								
Local sources	-	59,211	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	28,000	10,628	1,404	-	-	-	-	-
Federal sources	-	-	6,154	176,792	339,145	-	-	378,624
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>28,000</u>	<u>69,839</u>	<u>7,558</u>	<u>176,792</u>	<u>339,145</u>	<u>-</u>	<u>-</u>	<u>378,624</u>
Disbursements:								
Instruction	26,293	-	-	61,222	189,455	-	-	67,728
Support services	-	16,782	-	87,482	168,009	-	-	-
Noninstructional services	-	-	-	297	5,200	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>26,293</u>	<u>16,782</u>	<u>-</u>	<u>149,001</u>	<u>362,664</u>	<u>-</u>	<u>-</u>	<u>67,728</u>
Excess (deficiency) of receipts over disbursements	<u>1,707</u>	<u>53,057</u>	<u>7,558</u>	<u>27,791</u>	<u>(23,519)</u>	<u>-</u>	<u>-</u>	<u>310,896</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,707</u>	<u>53,057</u>	<u>7,558</u>	<u>27,791</u>	<u>(23,519)</u>	<u>-</u>	<u>-</u>	<u>310,896</u>
Cash and investments - ending	<u>\$ 5,662</u>	<u>\$ 134,654</u>	<u>\$ 7,558</u>	<u>\$ -</u>	<u>\$ (23,519)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	16-17 PL 101-476 IDEA Grant	17-18 PL 101-476 IDEA Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Payroll	Prepaid Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 34,848	\$ (14,968)	\$ (3,992)	\$ 30,777	\$ 34,451	\$ 17,488,531
Receipts:								
Local sources	-	-	-	-	-	-	-	14,481,350
Intermediate sources	-	-	-	-	-	-	-	816
State sources	-	-	-	-	-	-	-	19,277,045
Federal sources	406,341	-	24,216	67,881	20,998	-	-	1,988,207
Other receipts	-	-	-	-	-	4,697,324	684,833	5,532,347
Total receipts	406,341	-	24,216	67,881	20,998	4,697,324	684,833	41,279,765
Disbursements:								
Instruction	551,657	-	2,330	73,370	20,418	-	-	14,898,086
Support services	-	-	2,097	-	-	-	-	9,465,238
Noninstructional services	-	-	-	-	-	-	-	1,801,858
Facilities acquisition and construction	-	-	-	-	-	-	-	2,775,931
Debt service	-	-	-	-	-	-	-	4,986,263
Nonprogrammed charges	-	-	-	-	-	4,693,550	682,318	7,626,993
Total disbursements	551,657	-	4,427	73,370	20,418	4,693,550	682,318	41,554,369
Excess (deficiency) of receipts over disbursements	(145,316)	-	19,789	(5,489)	580	3,774	2,515	(274,604)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	7,000,000
Sale of capital assets	-	-	-	-	-	-	-	3,202
Transfers in	-	-	-	-	-	-	-	11,855
Transfers out	-	-	-	-	-	-	-	(11,855)
Total other financing sources (uses)	-	-	-	-	-	-	-	7,003,202
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(145,316)	-	19,789	(5,489)	580	3,774	2,515	6,728,598
Cash and investments - ending	\$ (145,316)	\$ -	\$ 54,637	\$ (20,457)	\$ (3,412)	\$ 34,551	\$ 36,966	\$ 24,217,129

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,242,728	\$ 1,486,036	\$ 38,784	\$ 4,641,968	\$ 2,017,148	\$ 255,716	\$ 2,723,986	\$ 2
Receipts:								
Local sources	582,207	4,746,125	99,986	2,756,322	2,221,913	504,751	-	-
Intermediate sources	441	-	-	-	-	-	-	-
State sources	19,004,458	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	52,535	-	-	1,897	6,257	-	-	-
Total receipts	19,639,641	4,746,125	99,986	2,758,219	2,228,170	504,751	-	-
Disbursements:								
Instruction	13,428,058	-	-	-	-	-	-	-
Support services	5,236,421	-	-	1,568,392	1,828,591	355,026	39,630	-
Noninstructional services	409,510	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	620,863	-	-	-	-
Debt service	-	4,254,317	138,770	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	19,073,989	4,254,317	138,770	2,189,255	1,828,591	355,026	39,630	-
Excess (deficiency) of receipts over disbursements	565,652	491,808	(38,784)	568,964	399,579	149,725	(39,630)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	13,961	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(18,546)	-	-	-	-	-	-
Total other financing sources (uses)	-	(18,546)	-	13,961	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	565,652	473,262	(38,784)	582,925	399,579	149,725	(39,630)	-
Cash and investments - ending	\$ 3,808,380	\$ 1,959,298	\$ -	\$ 5,224,893	\$ 2,416,727	\$ 405,441	\$ 2,684,356	\$ 2

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Construction Project #4	Construction Project #5	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant
Cash and investments - beginning	\$ 109,446	\$ 7,000,000	\$ 95,799	\$ (248,013)	\$ 2,708,168	\$ 1,517	\$ 8,208	\$ -
Receipts:								
Local sources	-	2,938	712,095	207,864	2,744,053	-	-	-
Intermediate sources	-	-	-	-	-	300	-	-
State sources	-	-	19,962	75,390	-	-	4,868	14,771
Federal sources	-	-	588,490	-	-	-	-	-
Other receipts	-	-	70	66	-	-	-	-
Total receipts	-	2,938	1,320,617	283,320	2,744,053	300	4,868	14,771
Disbursements:								
Instruction	-	-	-	-	-	-	13,076	-
Support services	-	-	-	67,549	4,972	-	-	14,771
Noninstructional services	-	-	1,223,247	-	-	-	-	-
Facilities acquisition and construction	105,077	3,279	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,498,092	-	-	-
Total disbursements	105,077	3,279	1,223,247	67,549	2,503,064	-	13,076	14,771
Excess (deficiency) of receipts over disbursements	(105,077)	(341)	97,370	215,771	240,989	300	(8,208)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	18,546	1,614	-	-	-
Transfers out	-	-	-	-	(1,614)	-	-	-
Total other financing sources (uses)	-	-	-	18,546	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(105,077)	(341)	97,370	234,317	240,989	300	(8,208)	-
Cash and investments - ending	\$ 4,369	\$ 6,999,659	\$ 193,169	\$ (13,696)	\$ 2,949,157	\$ 1,817	\$ -	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND
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 For the Year Ended June 30, 2018

	Comp Counseling Planning Grant	The Morey Family Fund	Miscellaneous Programs	Device Insurance Fund	Formative Assessment	Gifted & Talented	Medicaid Reimbursement	Secured Schools Safety Grant
Cash and investments - beginning	\$ 12,208	\$ -	\$ 10,639	\$ -	\$ 5,073	\$ 15,762	\$ 17,144	\$ (6,514)
Receipts:								
Local sources	298,644	3,000	13	16,461	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	36,640	37,892	28,002	80,252
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>298,644</u>	<u>3,000</u>	<u>13</u>	<u>16,461</u>	<u>36,640</u>	<u>37,892</u>	<u>28,002</u>	<u>80,252</u>
Disbursements:								
Instruction	-	-	-	-	-	34,012	-	-
Support services	64,420	-	-	-	41,713	310	12,998	65,248
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	2,399	-	2,167	-	-	-	6,742
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>64,420</u>	<u>2,399</u>	<u>-</u>	<u>2,167</u>	<u>41,713</u>	<u>34,322</u>	<u>12,998</u>	<u>71,990</u>
Excess (deficiency) of receipts over disbursements	<u>234,224</u>	<u>601</u>	<u>13</u>	<u>14,294</u>	<u>(5,073)</u>	<u>3,570</u>	<u>15,004</u>	<u>8,262</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>234,224</u>	<u>601</u>	<u>13</u>	<u>14,294</u>	<u>(5,073)</u>	<u>3,570</u>	<u>15,004</u>	<u>8,262</u>
Cash and investments - ending	<u>\$ 246,432</u>	<u>\$ 601</u>	<u>\$ 10,652</u>	<u>\$ 14,294</u>	<u>\$ -</u>	<u>\$ 19,332</u>	<u>\$ 32,148</u>	<u>\$ 1,748</u>

WA-NEE COMMUNITY SCHOOLS
 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	School Technology	Career and Technical Performance Grant	15-16 Title I Grant	16-17 Title I Grant	17-18 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	15-16 PL 101-476 IDEA Grant
Cash and investments - beginning	\$ 5,662	\$ 134,654	\$ 7,558	\$ -	\$ (23,519)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	7,174	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	29,500	14,250	10,700	-	-	-	-	-
Federal sources	-	-	-	-	117,248	270,266	31,342	-
Other receipts	-	20,540	-	-	-	-	-	-
Total receipts	29,500	41,964	10,700	-	117,248	270,266	31,342	-
Disbursements:								
Instruction	35,162	-	2,516	-	50,215	168,787	-	-
Support services	-	90,332	3,405	-	43,514	111,716	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	35,162	90,332	5,921	-	93,729	280,503	-	-
Excess (deficiency) of receipts over disbursements	(5,662)	(48,368)	4,779	-	23,519	(10,237)	31,342	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	9,520	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	9,520	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,662)	(38,848)	4,779	-	23,519	(10,237)	31,342	-
Cash and investments - ending	\$ -	\$ 95,806	\$ 12,337	\$ -	\$ -	\$ (10,237)	\$ 31,342	\$ -

WA-NEE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	16-17 PL 101-476 IDEA Grant	17-18 PL 101-476 IDEA Grant	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Payroll	Prepaid Accounts	Totals
Cash and investments - beginning	\$ (145,316)	\$ -	\$ 54,637	\$ (20,457)	\$ (3,412)	\$ 34,551	\$ 36,966	\$ 24,217,129
Receipts:								
Local sources	-	-	-	-	-	-	-	14,903,546
Intermediate sources	-	-	-	-	-	-	-	741
State sources	-	-	-	-	-	-	-	19,356,685
Federal sources	235,202	-	51,103	119,994	8,833	-	-	1,422,478
Other receipts	-	-	-	-	-	4,416,149	682,704	5,180,218
Total receipts	<u>235,202</u>	<u>-</u>	<u>51,103</u>	<u>119,994</u>	<u>8,833</u>	<u>4,416,149</u>	<u>682,704</u>	<u>40,863,668</u>
Disbursements:								
Instruction	89,888	464,649	-	136,244	21,143	-	-	14,443,750
Support services	-	23,423	2,570	-	-	-	-	9,575,001
Noninstructional services	-	-	-	-	-	-	-	1,632,757
Facilities acquisition and construction	-	-	-	-	-	-	-	740,527
Debt service	-	-	-	-	-	-	-	4,393,087
Nonprogrammed charges	-	-	-	-	500	4,416,487	683,577	7,598,656
Total disbursements	<u>89,888</u>	<u>488,072</u>	<u>2,570</u>	<u>136,244</u>	<u>21,643</u>	<u>4,416,487</u>	<u>683,577</u>	<u>38,383,778</u>
Excess (deficiency) of receipts over disbursements	<u>145,314</u>	<u>(488,072)</u>	<u>48,533</u>	<u>(16,250)</u>	<u>(12,810)</u>	<u>(338)</u>	<u>(873)</u>	<u>2,479,890</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	23,481
Transfers in	-	-	-	-	-	-	-	20,160
Transfers out	-	-	-	-	-	-	-	(20,160)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,481</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>145,314</u>	<u>(488,072)</u>	<u>48,533</u>	<u>(16,250)</u>	<u>(12,810)</u>	<u>(338)</u>	<u>(873)</u>	<u>2,503,371</u>
Cash and investments - ending	\$ <u>(2)</u>	\$ <u>(488,072)</u>	\$ <u>103,170</u>	\$ <u>(36,707)</u>	\$ <u>(16,222)</u>	\$ <u>34,213</u>	\$ <u>36,093</u>	\$ <u>26,720,500</u>

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WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,911,371</u>	<u>\$ 564,935</u>

WA-NEE COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Wa-Nee Community School Building Corporation, Series 2016	Financing & Constructing of facilities	\$ 1,542,000	10/18/2016	1/15/2031
Wa-Nee Community School Building Corporation, Series 2017	Financing & Constructing of facilities	435,500	3/28/2017	12/31/2030
Wa-Nee Community School Building Corporation, Series 2006	Financing & Constructing of facilities	762,000	1/15/2007	1/15/2020
Wa-Nee Middle School Building Corporation, Series 2001	Financing & Constructing of facilities	<u>1,817,000</u>	7/15/2001	1/15/2020
Total governmental activities		<u>4,556,500</u>		
Total of annual lease payments		<u>\$ 4,556,500</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds		QSCB for constructing and remodeling of facilities	\$ 325,000	\$ 146,085
Totals			<u>\$ 325,000</u>	<u>\$ 146,085</u>

WA-NEE COMMUNITY SCHOOLS
 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,482,950
Buildings	59,652,920
Improvements other than buildings	2,814,810
Machinery, equipment, and vehicles	<u>11,519,397</u>
Total governmental activities	<u>75,470,077</u>
Total capital assets	<u>\$ 75,470,077</u>

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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

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

TO: THE OFFICIALS OF THE WA-NEE COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Wa-Nee Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 Title I Grants to Local Educational Agencies

As described in item 2018-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Title I Grants to Local Educational Agencies. 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 Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* 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 its Title I Grants to Local Educational Agencies 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 items 2018-003, 2018-004, 2018-006, and 2018-007. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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, 2018-005, 2018-006, 2018-007, 2018-008, and 2018-009, 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

April 29, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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WA-NEE COMMUNITY SCHOOLS
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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 16-17	\$ -	\$ 78,210	\$ -	\$ -
School Breakfast Program			FY 17-18	-	-	-	81,628
Total - School Breakfast Program				-	78,210	-	81,628
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 16-17	-	489,846	-	-
National School Lunch Program			FY 17-18	-	-	-	506,862
National School Lunch Program - Commodities			FY 16-17	-	117,788	-	-
National School Lunch Program - Commodities			FY 17-18	-	-	-	123,833
Total - National School Lunch Program				-	607,634	-	630,695
Total - Child Nutrition Cluster				-	685,844	-	712,323
Total - Department of Agriculture				-	685,844	-	712,323
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education - Federal			14216-014-PN01	-	138,904	-	-
Special Education - Federal			14217-014-PN01	-	406,341	-	235,202
Total - Special Education Grants to States				-	545,245	-	235,202
Special Education Preschool Grants IDEA Part B	Indiana Department of Education	84.173					
			45717-014-PN1	-	-	-	31,342
Total - Special Education Cluster (IDEA)				-	545,245	-	266,544
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I			16-2285	-	176,792	-	-
Title I			17-2285	-	339,145	-	117,248
Title I			18-2285	-	-	-	270,266
Total - Title I Grants to Local Educational Agencies				-	515,937	-	387,514
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III ENL			01116-021-PN01	-	6,620	-	2,073
Title III ENL			01117-020-PN01	-	14,378	-	6,760
Total - English Language Acquisition State Grant				-	20,998	-	8,833
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
T-II Improve Teacher Quality			FFY2015	-	32,077	-	-
T-II Improve Teacher Quality			FFY2016	-	35,805	-	67,165
T-II Improve Teacher Quality			FFY2017	-	-	-	52,829
Total - Supporting Effective Instruction State Grants				-	67,882	-	119,994
Total - Department of Education				-	1,150,062	-	782,885
Department of Health and Human Services							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid - Federal			FY 16/17	-	9,919	-	-
Medicaid - Federal			FY 17/18	-	-	-	14,945
Total - Medicaid Cluster				-	9,919	-	14,945
Total - Department of Health and Human Services				-	9,919	-	14,945
Total federal awards expended				\$ -	\$ 1,845,825	\$ -	\$ 1,510,153

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

WA-NEE COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 3. Special Education Cooperative

The School Corporation is a member of the Elkhart County Special Education Cooperative (Cooperative) which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the fiscal agent for the Cooperative.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	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 deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.010	Title I Grants to Local Educational Agencies	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 Findings: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

Condition

There was a deficiency in the internal control system of the School Corporation related to financial transactions and reporting of receipts.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not designed or implemented proper segregation of duties related to receipts. One employee issued and recorded receipts to the financial software without evidence of an oversight, review, or approval process.

Context

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

Criteria

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

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

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

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

Cause

Management 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.

Recommendation

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

Views of Responsible Officials

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Program Income, Special Tests and Provisions - Paid Lunch Equity
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.

Program Income

The School Corporation did not have controls in place to ensure program income receipted into the School Lunch Fund reconciled to reports provided by the food service software. The Deputy Treasurer used reports provided by the food service software to enter program information into the accounting system without a process for oversight, review, or approval by any other individual.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not designed or implemented adequate internal controls to ensure that the Paid Lunch Equity calculation made on an annual basis utilizing the USDA provided tool was accurate. One employee prepared the Paid Lunch Equity calculation without an oversight or review process to ensure the accuracy of the calculation.

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:

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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 noncompliance with the grant agreement and the compliance requirements listed above.

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 Program Income and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

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

FINDING 2018-003

Subject: Child Nutrition Cluster - Equipment, Allowable Costs/Cost Principles, Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Equipment and Real Property Management, Allowable
Costs/Cost Principles, Program Income
Audit Finding: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

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

Equipment - Equipment and Real Property Management

The School Corporation did not comply with the equipment requirements of the Equipment and Real Property Management, Allowable Costs/Cost Principles, and Program Income compliance requirements. The School Corporation did not maintain an accurate list of capital assets that reflected the fund from which the assets were purchased nor was an inventory of assets performed at least every two years.

Equipment - Allowable Costs/Cost Principles, Program Income

The School Corporation had two equipment purchases during the audit period but did not get permission from the Department of Agriculture or the Indiana Department of Education for either of the purchases, which resulted in noncompliance with Allowable Costs/Cost Principles and Program Income compliance requirements.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. No inventory was taken during the audit period and permission was not obtained for equipment purchases.

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 200.307(e) states in part:

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) *Addition.* With prior approval of the Federal awarding agency (except for IHEs and nonprofit research institutions, as described in paragraph (e) of this section) program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award. . . ."

2 CFR 200.313(d) states in part:

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

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

2 CFR 200.439(b) states in part:

"The following rules of allowability must apply to equipment and other capital expenditures:

. . .

- (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and to comply with the compliance requirements listed above.

WA-NEE COMMUNITY SCHOOLS
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 2018-004

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
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 requirement of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation had not established effective controls to ensure that proper procurement policies were followed. The School Corporation did not always invite or obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the small purchase procedures.

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 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement. . . ."

Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. Noncompliance with the grant agreement and the small purchase procurement requirement of 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 controls to ensure compliance and comply with the grant agreement and the small purchases procurement requirement of 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 2018-005

Subject: Special Education Cluster (IDEA) - Level of Effort/Maintenance of Effort, Earmarking
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): 14216-014-PN01, 14217-014-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
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 level of effort/maintenance of effort and earmarking portions of the Matching, Level of Effort, Earmarking compliance requirement.

Level of Effort/Maintenance of Effort

The Maintenance of Effort Calculator (MOE) worksheet was completed by the Treasurer without evidence of a review or oversight.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Earmarking

There was not a proper system of oversight and review in place to ensure the School Corporation spent the required proportionate share of the grant on non-public schools within the School Corporation's boundaries.

Context

The lack of controls was a systemic issue that applied throughout the audit for level of effort/maintenance of effort; the lack of controls over earmarking was limited to the 14216-014-PN01 Grant.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

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 Matching, Level of Effort, Earmarking compliance requirement.

Views of Responsible Officials

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-006

Subject: Special Education Cluster (IDEA) - Reporting
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): 14216-014-PN01, 14217-014-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

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

The Final Reports and Quarterly Proportionate Share Monitoring reports were not filed with the Elkhart County Special Education Cooperative (ECSEC) as required during the audit period.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

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

. . .

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

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system allowed material noncompliance to go undetected. Noncompliance with the grant agreement and the Reporting compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-007

Subject: Special Education Cluster (IDEA) - Reporting
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Number and Year (or Other Identifying Number): 14216-014-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

The Elkhart County Special Education Cooperative (ECSEC) is a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. An effective internal control system was not in place at the School Corporation and the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The ECSEC failed to complete the final reports and the quarterly monitoring reports required to be filed with the Indiana Department of Education during the audit period for the member school corporations.

Context

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

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 200.327 states:

"Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting."

2 CFR 200.328 states:

"(a) *Monitoring by the non-Federal entity.* The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through *entities*.

(b) *Non-construction performance reports.* The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site).

(1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) The non-Federal entity must submit performance reports using OMB approved governmentwide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:
- (i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.
 - (ii) The reasons why established goals were not met, if appropriate.
 - (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.
- (c) *Construction performance reports.* For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.
- (d) *Significant developments.* Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:
- (1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
 - (2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.
- (e) The Federal awarding agency may make site visits as warranted by program needs.
- (f) The Federal awarding agency may waive any performance report required by this part if not needed."

Cause

The School Corporation and the ECSEC had not developed a system of internal controls that segregated key functions.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish effective internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the ECSEC.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's and ECSEC's management establish controls related to the grant agreement and the compliance requirement listed above and to comply with the requirement.

Views of Responsible Officials

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

FINDING 2018-008

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 16-2285, 17-2285, 18-2285
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Finding: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not established controls to ensure that appropriate time records were maintained in support of compensation paid to employees from grant funds. The School Corporation did not provide completed documentation that would have served as a certification of days or hours worked for the Title I program for two employees.

Payroll

The School Corporation paid \$99,723.10 in salaries/wages for management and bookkeepers positions, which were allocated to the Title I funds based on fixed percentages. There was no supporting documentation to indicate how the percentages were determined.

Context

The lack of controls was a systemic issue throughout the audit period. The lack of supporting documentation was limited to the compensation of two employees.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 200.430(i) states in part:

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were questioned costs of \$99,723.10 identified.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2018-009

Subject: Title I Grants to Local Educational Agencies - Internal Controls

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): 16-2285, 17-2285, 18-2285

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles;
Eligibility; Special Tests and Provisions - Annual Report Card,
High School Graduation Rate

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-004 from the immediate prior audit with regards to Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

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 Allowed or Unallowed, Allowable Costs/Cost Principles

Controls were implemented over vendor claims; however, the control was not effective in 2 of the 40 claims tested.

Eligibility

Real Time reports submitted to the state are used as the basis for Title I eligibility. The Real Time reports for the School Corporation were created from the School Corporation's student information system (SIS). However, the School Corporation had not implemented controls to ensure the information input into the SIS or the Real Time reports prior to submission to the state was accurate.

Special Tests and Provisions - Annual Report Card, High School Graduation Rate

There was no documented review by a knowledgeable individual that would ensure appropriate documentation was retained for students removed from the graduation cohort.

WA-NEE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the above listed compliance requirements. A lack of segregation of duties within an internal control system could have also allowed 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 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 compliance requirement listed above.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Status of Audit Finding:

Internal control systems and segregation of duties related to receipts have been established and will continue following the performed audit. The Business Manager will open all mail and review receipts and invoices. The deputy treasurer prepares the written receipts. Once receipts are prepared the Business Manager and/or the Payroll Clerk will review prior to the Deputy Treasurer posting within the accounting software. As of March 31, 2019, once the Deputy Treasurer posts in the financial software program a receipt breakdown by fund is generated along with the receipts for the business manager to review after entry. The mail includes invoices and checks. The Deputy Treasurer prepares the monthly bank reconciliation and the Business Manager reviews and approves each month.

Completion Date: Fully implemented as of March 31, 2019

Randi Libby
(Signature)

Business Manager
(Title)

03/15/2019
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Status of Audit Finding:

The district understands the need for complete and accurate asset inventory ledgers. The current asset inventory will be re-accounted for following the audit period review. The district will complete a thorough review of the current assets within the buildings during the summer of 2018 and will update all records on the asset inventory list.

Once the updated list is complete the Buildings and Grounds Director will request from the board for items to be sold in auction. Once an auction is held the Buildings and Grounds Director will report auction items sold to the Deputy Treasurer. The Deputy Treasurer will remove the items from the asset inventory list and receipt the revenue to the original purchasing fund. The Business Manager and Deputy Treasurer will review fixed asset purchases that are over the policies threshold for materiality and added those items to the inventory list. The items will include all descriptive and accounting information needed based on state and federal guidelines.

Completion Date: Reviewed and corrected to the best of our ability internally as of June 30, 2018; In October 2018 (less than 5 months post audit) Wa-Nee hired a third-party vender to complete a full inventory of the district fixed assets. Between the Deputy Treasurer and Business Manager the assets list was corrected back to July 2016 (and moving forward) to reflect the funds that purchased the asset.



(Signature)

Business Manager
(Title)

03/15/2019
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Status of Audit Finding:

Internal control systems and segregation of duties, related to School Food Authority (SFA) Verification Collection Reports are prepared by the Secretary to the Superintendent and a second review will be completed by the Secretary to the Curriculum Director.

The Food Service Director prepares the monthly claims for reimbursement and the Business Manager reviews.

The annual financial report is prepared by Food Service Director and Deputy Treasurer and is reviewed by Business Manager.

The cafeteria managers will prepare receipts on a regular basis and send to the Deputy Treasurer for review. The Deputy Treasurer prepares the written receipts. Once receipts are prepared the Business Manager and/or the Payroll Clerk will review prior to the Deputy Treasurer posting within the accounting software. As of March 31, 2019, once the Deputy Treasurer posts in the financial software program a receipt breakdown by fund is generated along with the receipts for the business manager to review after entry. The Deputy Treasurer prepares the monthly bank reconciliation and the Business Manager reviews and approves each month.

Completion: Fully implemented as of March 31, 2019



(Signature)

Business Manager
(Title)

03/15/2019
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-004

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Status of Audit Finding:

Internal control systems and segregation of duties related to the grant agreement and the compliance requirements of Title I Part A specifically including comparability report will be completed by the Testing and Federal Grants Coordinator and will be reviewed by the Business Manager. Completed in June 2018.

Internal control systems and segregation of duties related to the Annual Report Card-HS Graduation Rate cohort report are prepared by the Secretary to the Guidance Department and a second review will be completed by the Department Head of the Guidance Department.

Completion Date: Fully implemented beginning April 8, 2019

Randi Libby
(Signature)

Business Manager
(Title)

03/15/2019
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-005

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE; Goshen Community Schools
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Wa-Nee Community Schools sends reimbursement requests to Goshen Community Schools and includes the supporting documentation along with the review from either the Special Education Director and/or Deputy Treasurer along with Business Manager prior to being sent to Goshen Community Schools.

Goshen Community Schools (ECSEC) sends quarterly proportionate share reports and final reports to Wa-Nee Community Schools to prepare. The Business Manager prepares the proportionate share and final reports. The reports are then reviewed by either the Special Education Director or Deputy Treasurer. Once reviewed the reports are then submitted to Goshen Community Schools (ECSEC) for their review and submission of the reports as the acting administrator.

Completion Date: June 2018

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
Business Manager
rlibby@wanee.org

Ms. Gretchen McEndarfer
Director of Curriculum
gmcendarfer@wanee.org

Ms. Shirley Elliott
Special Education Coordinator
selliott@wanee.org



A TRADITION OF EXCELLENCE

1300 North Main Street
Nappanee, IN 46550
(574)773-3131
(574) 773-5593 FAX



(Signature)

Business Manager
(Title)

03/15/2019
(Date)

Dr. Scot Croner
Superintendent
scroner@wanee.org

Mrs. Randi Libby
Business Manager
rilibby@wanee.org

Ms. Gretchen McEndarfer
Director of Curriculum
gmcendarfer@wanee.org

Ms. Shirley Elliott
Special Education Coordinator
selliott@wanee.org



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-006

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE; Goshen Community Schools
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Once the IDEA grant is approved the approval notification and reimbursement requests are sent from IDOE to ECSEC (Goshen). Goshen Community Schools will then release the forms to Wa-Nee Community Schools. Wa-Nee Community Schools sends reimbursement requests to Goshen Community Schools and includes the supporting documentation along with the review from either the Special Education Director and/or Deputy Treasurer along with Business Manager prior to being sent to Goshen Community Schools.

Completion Date: June 2018

Dr. Scot Croner
Superintendent
scroner@wanee.org

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Randi Libby
(Signature)

Business Manager
(Title)

03/15/2019
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-007

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE; Goshen Community Schools
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

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Wa-Nee Community Schools sends reimbursement requests to Goshen Community Schools and includes the supporting documentation along with the review from either the Special Education Director and/or Deputy Treasurer along with Business Manager prior to being sent to Goshen Community Schools.

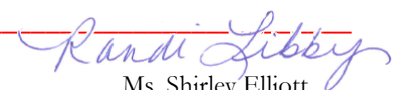
All but one of Wa-Nee employees are 100% funded through the IDEA grant and are recorded on a semi-annual certification. The one employee for the 2017-2018 grant that is split into two funds completes a time and effort log. This is reviewed by the business manager.

Completion Date: June 2018

Dr. Scot Croner
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-008

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE; Goshen Community Schools
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Wa-Nee Community Schools sends reimbursement requests to Goshen Community Schools and includes the supporting documentation along with the review from either the Special Education Director and/or Deputy Treasurer along with Business Manager prior to being sent to Goshen Community Schools.

Completion Date: June 2018


(Signature)

Business Manager



A TRADITION OF EXCELLENCE

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03/15/2019

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-009

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE; Goshen Community Schools
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Wa-Nee Community Schools sends reimbursement requests to Goshen Community Schools and includes the supporting documentation along with the review from either the Special Education Director and/or Deputy Treasurer along with Business Manager prior to being sent to Goshen Community Schools.

Completion Date: June 2018

(Signature)

Business Manager



A TRADITION OF EXCELLENCE

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(Title)

03/15/2019

(Date)

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Ms. Shirley Elliott
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-010

Fiscal year in which the finding initially occurred:	2014-2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE; Goshen Community Schools
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative.

While, Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants, it should be state that the shortcomings documented in this finding are of an internal nature at the administrative district, Goshen Community Schools.

Description of Action Plan:

The entire ECSEC program is undergoing some transitions. These transitions range from different personnel in place which handle the programs and relate grants to the decentralization of some of the programs. Through these transitions procedures are being developed to establish controls for adequate documentation that will ensure compliance with all state and federal guidelines as related to the programs. Wa-Nee Community Schools business office personnel and our Special Education Coordinator will not only continue to follow established guidelines but will also monitor the related procedures put in place by the administrator, Goshen Community Schools, to the best of their abilities.

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Wa-Nee Community Schools sends reimbursement requests to Goshen Community Schools and includes the supporting documentation along with the review from either the Special Education Director and/or Deputy Treasurer along with Business Manager prior to being sent to Goshen Community Schools.

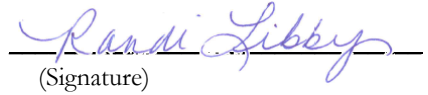
Goshen Community Schools (ECSEC) sends quarterly proportionate share reports and final reports to Wa-Nee Community Schools to prepare. The Business Manager prepares the proportionate share and final reports. The reports are then reviewed by either the Special Education Director or Deputy Treasurer. Once reviewed the reports are then submitted to Goshen Community Schools (ECSEC) for their review and submission of the reports as the acting administrator.



A TRADITION OF EXCELLENCE

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Completion Date: June 2018



(Signature)

Business Manager
(Title)

03/15/2019
(Date)

Dr. Scot Croner
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Mrs. Randi Libby
Business Manager
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Ms. Shirley Elliott
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CORRECTIVE ACTION PLAN

FINDING 2018-001

Fiscal year in which the finding initially occurred:	2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

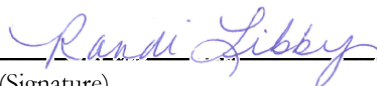
Views of the Responsible Official:

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period. It is our belief the language, "One employee issued and recorded receipts to the financial software without evidence of an oversight, review, or approval process", is not entirely accurate. The employee did have oversight of the receipts after entry; however, the report after the receipts were entered into the financial software was broken down by date of receipts rather than by fund to ensure the receipts were coded to the appropriate fund.

Description of Corrective Action Plan:

Internal control systems and segregation of duties related to receipts have been established and will continue following the performed audit. The Business Manager will open all mail and review receipts and invoices. The mail includes invoices and checks. The deputy treasurer prepares the written receipts. Once receipts are prepared the Business Manager and/or the Payroll Clerk will review prior to the Deputy Treasurer posting within the accounting software. As of March 31, 2019, once the Deputy Treasurer posts in the financial software program a receipt breakdown by fund is generated along with the receipts for the business manager to review after entry. The Deputy Treasurer prepares the monthly bank reconciliation and the Business Manager reviews and approves each month.

Completion Date: Fully implemented as of March 31, 2019



(Signature)

Business Manager
(Title)

04/26/2019
(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-002

Fiscal year in which the finding initially occurred:	2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period.

Status of Audit Finding:

The cafeteria managers will prepare receipts on a regular basis and send to the Deputy Treasurer for review. The Deputy Treasurer prepares the written receipts. Once receipts are prepared the Business Manager and/or the Payroll Clerk will review prior to the Deputy Treasurer posting within the accounting software. As of March 31, 2019, once the Deputy Treasurer posts in the financial software program a receipt breakdown by fund is generated along with the receipts for the business manager to review after entry. The Deputy Treasurer prepares the monthly bank reconciliation and the Business Manager reviews and approves each month.

Annually the Paid Lunch Equity tool will be calculated by the Business Manager and reviewed by the Food Service Director prior to being submitted to the Department of School Nutrition (IDOE)

Completion: Fully implemented as of March 31, 2019

Randi Libby
(Signature)

Business Manager
(Title)

04/26/2019
(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-003

Fiscal year in which the finding initially occurred:	2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

Please note our exit interview for the 2014-2016 SBOA audit took place May 22, 2018. Keep in mind that while many of our 2014-16 findings are corrected as soon as feasibly possible the delayed timing of the audit left Wa-Nee very little time (27 business days) to complete corrective action prior to the end of the 2016-2018 audit period. An inventory of assets was performed just after the audit period in October of 2018.

Status of Audit Finding:

In the event equipment needs to be purchased above the materiality threshold, the Food Service Director will send a written request to the Indiana Department of Education School Nutrition Department for review and approval. Upon written approval the proper procurement procedures will continue. Procurement will include a requisition along with the written approval to the Business Manager prior to a purchase order being created by the Business Office Clerk.

The Deputy Treasurer will add equipment for all funds that is above the material threshold of \$5,000 to the inventory spreadsheet. The Deputy Treasurer will include the appropriate fund within the spreadsheet. At the end of each fiscal year the Business Manager will review and approve additions to the spreadsheet prior to submission to the SBOA Annual Financial Report through Gateway.

Completion: Fully implemented as of March 31, 2019

Randi Libby
(Signature)

Business Manager
(Title)

04/26/2019
(Date)



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Nappanee, IN 46550
(574)773-3131
(574) 773-5593 FAX

CORRECTIVE ACTION PLAN

FINDING 2018-004

Fiscal year in which the finding initially occurred:	2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

Wa-Nee does not disagree with this finding. We do believe the threshold of \$3,500 to be low and would like to note the federal micro-purchase threshold has increased to \$10,000 for FY20.

Status of Audit Finding:

In the event the Food Service department foresees the use of a vender and possibly forecasts expenditures greater than \$3,500 (or the federal micro-purchase threshold) within the fiscal period, the Food Service Director will request three quotes to compare like items. This process will be reviewed by the Business Manager for compliance.

Completion: Fully implemented as of March 31, 2019



(Signature)

Business Manager
(Title)

04/26/2019
(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-005

Fiscal year in which the finding initially occurred:	2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative. Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants.

Status of Audit Finding:

The annual completion and calculation of the Maintenance of Effort (MOE) as it pertains to Special Education expenses will be calculated and completed by the Business Manager. Upon completion the Deputy Treasurer will review and approve the MOE for accuracy prior to sending the calculation to ECSEC for submission to the Indiana Department of Education.

Quarterly, proportionate share reports will be completed by the Business Manager and reviewed by either the Deputy Treasurer or Special Education Director prior to sending to ECSEC. ECSEC will review and submit to the IDOE. If Wa-Nee fails to receive the report after the quarter has ended the Business Manager will send a request to ECSEC for the report template for the requested quarter.

Completion: Fully implemented as of March 31, 2019



(Signature)

Business Manager
(Title)

04/26/2019
(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-006

Fiscal year in which the finding initially occurred:	2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

The Elkhart County Special Education Cooperative (ECSEC) is a public-school program serving students with disabilities in Elkhart County. Wa-Nee Community Schools is a participating member of the Cooperative. Goshen Community Schools is the administrator of the cooperative. Wa-Nee Community Schools acknowledges that as a member of the Cooperative they, along with other member schools are equally responsible to ensure that all state and federal regulations are adhered to in the accounting and documentation of the programs and related federal grants.

Status of Audit Finding:

Quarterly, proportionate share reports will be completed by the Business Manager and reviewed by either the Deputy Treasurer or Special Education Director prior to sending to ECSEC. ECSEC will review and submit to the IDOE. If Wa-Nee fails to receive the report after the quarter has ended the Business Manager will send a request to ECSEC for the report template for the requested quarter.

Annually, final share reports will be completed by the Business Manager and reviewed by either the Deputy Treasurer or Special Education Director prior to sending to ECSEC. ECSEC will review and submit to the IDOE. If Wa-Nee fails to receive the report after the fiscal period has ended the Business Manager will send a request to ECSEC for the report template for the requested fiscal year.

Completion: Fully implemented as of March 31, 2019



(Signature)

Business Manager
(Title)

04/26/2019
(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-007

Fiscal year in which the finding initially occurred:	2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:	IDOE
Contact Person Responsible for Corrective Action:	Randi Libby
Contact Phone Number:	574-773-3131

Views of the Responsible Official:

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Status of Audit Finding:

Quarterly, proportionate share reports will be completed by the Business Manager and reviewed by either the Deputy Treasurer or Special Education Director prior to sending to ECSEC. ECSEC will review and submit to the IDOE. If Wa-Nee fails to receive the report after the quarter has ended the Business Manager will send a request to ECSEC for the report template for the requested quarter.

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Completion: Fully implemented as of March 31, 2019

Randi Libby
(Signature)

Business Manager
(Title)

04/26/2019
(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-008

Fiscal year in which the finding initially occurred: 2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Views of the Responsible Official:

Wa-Nee Community Schools does not dispute this finding.

Status of Audit Finding:

A payroll audit record is kept on all federal grant compensated employees. Based on the percentage of the employees' cost-objective and responsibilities the employee(s) will complete either a semi-annual certification or a time and effort log. The logs will be completed and submitted to the Business Manager for review and approval.

Completion: Fully implemented as of March 31, 2019

Randi Libby
(Signature)

Business Manager
(Title)

04/26/2019
(Date)



CORRECTIVE ACTION PLAN

FINDING 2018-009

Fiscal year in which the finding initially occurred: 2016-2018
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Randi Libby
Contact Phone Number: 574-773-3131

Views of the Responsible Official:

Wa-Nee Community Schools does not dispute this finding.

Status of Audit Finding:

Internal control systems and segregation of duties related to the Annual Report Card-HS Graduation Rate cohort report are prepared by the Secretary to the Guidance Department and a second review will be completed by the Department Head of the Guidance Department.

Internal control systems and segregation of duties related to the changes that could result in a Real-Time Report changed are prepared by each building secretary and a second review will be completed by a second secretary in the building. The documented changes will be kept within the students cumulative file and/or in an appropriate change file for audit review.

All claims will be reviewed and approved by the Business Manager and entered by the Deputy Treasurer in the financial software system. Once entered into the software system the Board of School Trustees will approve a claim docket prior to payment issued to the vender.

Anticipated Completion Date: August 2019


(Signature)

Business Manager
(Title)

04/26/2019
(Date)

OTHER REPORTS

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