

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

EAST ALLEN COUNTY SCHOOLS

ALLEN COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED

02/27/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lois M. Goeglein	07-01-17 to 06-30-20
Superintendent of Schools	Marilyn S. Hissong	07-01-17 to 06-30-20
President of the School Board	Robert Nelson Jr. Timothy E. Hines	01-01-17 to 12-31-18 01-01-19 to 12-31-20



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 EAST ALLEN COUNTY SCHOOLS, ALLEN 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 East Allen County Schools (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated February 6, 2020, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 6, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE EAST ALLEN COUNTY SCHOOLS, ALLEN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the East Allen County 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, 2017 to June 30, 2019. 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

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.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019.

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 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement. We issued our report thereon dated February 6, 2020, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 as a whole.


Paul D. Joyce, CPA
State Examiner

February 6, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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EAST ALLEN COUNTY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

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 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 17-18 FY 18-19	\$ - -	\$ 588,214 -	\$ - -	\$ - 590,393
Total - School Breakfast Program				-	588,214	-	590,393
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 17-18 FY 18-19	- -	2,593,783 -	- -	- 2,617,677
Commodities			FY 17-18 FY 18-19	- -	382,713 -	- -	- 381,878
Total - National School Lunch Program				-	2,976,496	-	2,999,555
Total - Child Nutrition Cluster				-	3,564,710	-	3,589,948
Fresh Fruit and Vegetable Program							
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582	FY 17-18 FY 18-19	- -	31,019 -	- -	- 29,819
Total - Fresh Fruit and Vegetable Program				-	31,019	-	29,819
Total - Department of Agriculture				-	3,595,729	-	3,619,767
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14216-010-PN01 14217-010-PN01 18611-010-PN01 19611-010-PN01	- - - -	131,710 1,385,328 589,230 -	- - - -	- 97,714 1,689,628 428,124
Total - Special Education Grants to States				-	2,106,268	-	2,215,466
Special Education Preschool Grants							
Special Education Preschool Grants	Indiana Department of Education	84.173	18619-010-PN01 45717-010-PN01 19619-010-PN01	- - -	45,253 19,579 -	- - -	25,600 2,160 47,981
Total - Special Education Grants to States				-	64,832	-	75,741
Total - Special Education Cluster (IDEA)				-	2,171,100	-	2,291,207

EAST ALLEN COUNTY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

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 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Title I Grants to Local Educational Agencies Title I, Part A	Indiana Department of Education	84.010	17-0255	-	768,344	-	-
			18-0255	-	1,573,614	-	640,163
			19-0255	-	-	-	1,740,131
Title I, School Improvement Grant			S010A180014	-	15,536	-	22,678
Total - Title I Grants to Local Educational Agencies				-	2,357,494	-	2,402,972
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013	SY 16-17	-	2,497	-	-
			SY 17-18	-	17,499	-	7,974
			SY 18-19	-	-	-	4,941
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	19,996	-	12,915
Career and Technical Education - Basic Grants to States	Fort Wayne Community Schools	84.048	FY 17-18	-	39,344	-	-
			FY 18-19	-	-	-	62,437
Total - Career and Technical Education - Basic Grants to States				-	39,344	-	62,437
Education for Homeless Children and Youth	Indiana Department of Education	84.196	A58-7-17SS-3920 7000S196A170015	-	30,313	-	-
				-	-	-	25,866
Total - Education for Homeless Children and Youth				-	30,313	-	25,866
Gaining Early Awareness and Readiness for Undergraduate Programs	Indiana Department of Education	84.334	P334S160023	-	-	-	5,000
Total - Gaining Early Awareness and Readiness for Undergraduate Programs				-	-	-	5,000
English Language Acquisition State Grants	Indiana Department of Education	84.365	01116-005-PN01	-	8,102	-	-
			01117-005-PN01	-	41,581	-	1,654
			01118-004-PN01	-	77,350	-	18,317
			01119-005-PN01	-	-	-	55,344
Total - English Language Acquisition State Grants				-	127,033	-	75,315

EAST ALLEN COUNTY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

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 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			15-0255	-	169,093	-	-
			16-0255	-	150,926	-	-
			16-0255	-	-	-	78,186
			17-0255	-	-	-	224,356
Total - Supporting Effective Instruction State Grants				-	320,019	-	302,542
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
			S424A170015	-	1,086	-	22,992
			S424A180015	-	-	-	61,125
Total - Student Support and Academic Enrichment Program				-	1,086	-	84,117
Total - Department of Education				-	5,066,385	-	5,262,371
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
			FY 17-18	-	66,011	-	-
			FY 18-19	-	-	-	108,294
Total - Medical Assistance Program				-	66,011	-	108,294
Total - Medicaid Cluster				-	-	-	108,294
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Indiana Department of Education	93.566					
			700REFSOCSVCF17	-	14,520	-	21,040
Total - Refugee and Entrant Assistance State/Replacement Designee Administered Programs				-	14,520	-	21,040
Total - Department of Health and Human Services				-	80,531	-	129,334
Total federal awards expended				\$ -	\$ 8,742,645	\$ -	\$ 9,011,472

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

EAST ALLEN COUNTY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. 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, 2018 and 2019. 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.

B. Other 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.

Note 2. Indirect Cost Rate

The School Corporation has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

EAST ALLEN COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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

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

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



EAST ALLEN COUNTY SCHOOLS

DREAM IT. DO IT.

EAST ALLEN COUNTY SCHOOLS

ADMINISTRATION BUILDING

1240 State Road 930 East, New Haven, IN 46774-1732

Phone: (260) 446-0100

Fax: (260) 446-0107

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Federal Program: School Nutrition

Contact Person Responsible for Corrective Action: Lois M. Goeglein

Contact Phone Number: 260-446-0106

Status of Audit Finding: Internal Controls have been implemented and are currently in place providing for 2 signatures and review on the School Food Authority AFR, Meal Applications (if manually processed) and also on the Claim for Reimbursements.

FINDING 2017-002

Fiscal year in which the finding initially occurred: FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Federal Program: Title I

Contact Person Responsible for Corrective Action: Lois M. Goeglein

Contact Phone Number: 260-446-0106

Status of Audit Finding:

Eligibility: New internal procedure is being used with Principals at Title I recipient schools and their teams regarding eligibility determinations. Principals and their team make determination based on student selection/rank order sheets on annual basis. Principals sign and date the Student Selection/Rank Order sheets completed with their team and share the completed documents with the EACS Director of Title I. The Director of Title I signs and dates as reviewer.

Documentation of meetings, such as the agendas and sign in sheets are kept on file. Currently all Title I recipient schools at EACS are School Wide Program school. We do still continue to follow the selection protocol above to focus efforts on the most academically at-risk students.

Reporting: Annual Financial Report is being signed by both District Treasurer and the Title I Director before submission.

Test Protocol /Assessments – Oversight/Approval: The Superintendent and Assistant Superintendents work with District Test Coordinator annually to prepare and report the EACS Testing Policy to the School Board. When changes to policy are requested, the information is provided to School Board for review and approval action. EACS Testing Policy includes the security procedures for securing the tests and also the review process by the Test Assessment Committee. The EACS Testing Policy is signed and dated by Preparer and the reviewer.

Mobility/Annual Report Card – The EACS Office of Student Services works with Principals and School Registrars to document a student transfer/withdraw. The School Registrars periodically print a list of all withdrawn students, their name, grade, and withdraw/transfer code used. A second person (administrator or counselor) who is familiar with the reason for the student's withdrawal/transfer signs that report to confirm the correct withdraw/transfer code was entered. The School Registrar keeps a file with those signed withdraw code reports, for audit purposes. In addition, copies of official requests for records, signed confirmation of enrollment forms, and/or parent-signed withdrawal forms are stored in the student's permanent file, depending on the withdrawal circumstance.

Comparability – Comparability reports are generated/submitted using data provided via HR Department and STN Data Submitter before submission.

Our mission is to inspire in all students a passion for learning while developing knowledge, skills and character necessary to become responsible contributors to the local and global society.

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/>.