

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WESTERN SCHOOL CORPORATION

HOWARD COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**  
03/11/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brook Cleaver	07-01-18 to 12-31-21
Superintendent of Schools	Randy McCracken	07-01-18 to 06-30-21
President of the School Board	Linda Singer Scott Gaskins Donna Shepherd	01-01-18 to 12-31-18 01-01-19 to 12-31-20 01-01-21 to 12-31-21



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

TO: THE OFFICIALS OF THE WESTERN SCHOOL CORPORATION, HOWARD COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Western School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, 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 25, 2021, 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 25, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 WESTERN SCHOOL CORPORATION, HOWARD COUNTY, INDIANA

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

We have audited the Western School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2018 to June 30, 2020. The School Corporation's major federal program is 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 the School Corporation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

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

***Opinion on the 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 its major federal program for the period of July 1, 2018 to June 30, 2020.

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 THE 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, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated February 25, 2021, 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 25, 2021

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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.

WESTERN SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	SY 18-19	\$ -	\$ 94,194	\$ -	\$ -
School Breakfast Program		10.553	SY 19-20	-	-	-	58,723
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553	SY 19-20	-	-	-	11,211
School Breakfast Program				-	-	-	-
Total - School Breakfast Program				-	94,194	-	69,934
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	SY 18-19	-	467,909	-	-
National School Lunch Program		10.555	SY 19-20	-	-	-	297,061
Commodities				-	86,943	-	71,576
Sub-Total - National School Lunch Program				-	554,852	-	368,637
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	SY 19-20	-	-	-	67,295
National School Lunch Program				-	-	-	-
Total - National School Lunch Program				-	554,852	-	435,932
Total - Child Nutrition Cluster				-	649,046	-	505,866
Total - Department of Agriculture				-	649,046	-	505,866
<u>Institute of Museum and Library Services</u>							
Grants to States							
LSTA Grant 2019	Indiana State Library	45.310	730-TEC-01-1900	-	-	-	7,909
Total - Institute of Museum and Library Services				-	-	-	7,909
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
FY 2017 Part B 611 Special Education Grant	Indiana Department of Education	84.027	14217-033-PN01	-	2,644	-	-
FY 2018 Part B 611 Special Education Grant		84.027	18611-033-PN01	-	314,011	-	7,350
FY 2019 Part B 611 Special Education Grant		84.027	19611-033-PN01	-	246,742	-	291,155
FY 20 Part B 611 Special Education Grant		84.027	20611-033-PN01	-	-	-	224,683
Total - Special Education Grants to States				-	563,397	-	523,188

WESTERN SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Special Education Preschool Grants	Indiana Department of Education						
FY 2018 Part B Preschool 619		84.173	18619-033-PN01	-	870	-	-
FY 2019 Preschool Part B 619		84.173	19619-003-PN01	-	15,760	-	917
FY 2020 Preschool Part B 619		84.173	20619-033-PN01	-	-	-	15,959
Total - Special Education Preschool Grants				-	16,630	-	16,876
Total - Special Education Cluster (IDEA)				-	580,027	-	540,064
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2017-18		84.010	18-3490	-	67,573	-	-
Title I 2018-19		84.010	19-3490	-	166,037	-	42,738
Title I 2019-20		84.010	20-3490	-	-	-	134,930
Total - Title I Grants to Local Educational Agencies				-	233,610	-	177,668
Supporting Effective Instruction State Grants	Indiana Department of Education						
FY 2017 Title II		84.367	S367A170013	-	7,741	-	24,445
FY 2018 Title II		84.367	S367A180013	-	24,689	-	-
FFY 19 Title II		84.367	S367A190013	-	-	-	46,966
Total - Supporting Effective Instruction State Grants				-	32,430	-	71,411
Student Support and Academic Enrichment Program	Indiana Department of Education						
FY 19 Title IV		84.424	2019-424-106	-	-	-	14,831
FY18 Title IV		84.424	2018-424-106	-	-	-	14,846
Total - Student Support and Academic Enrichment Program				-	-	-	29,677
Total - Department of Education				-	846,067	-	818,820
<u>Social Security Administration</u>							
Disability Insurance/SSI Cluster							
Social Security_Disability Insurance	Indiana Family and Social Services Administration	96.001	SY 18-19	-	56	-	-
Total - Disability Insurance/SSI Cluster				-	56	-	-
Total - Social Security Administration				-	56	-	-
Total federal awards expended				\$ -	\$ 1,495,169	\$ -	\$ 1,332,595

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

WESTERN SCHOOL CORPORATION  
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, 2019 and 2020. 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 not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Kokomo Area Special Education Cooperative**

The School Corporation is a member of the Kokomo Area Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFA of the member school corporations as appropriate.

WESTERN SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major program:	
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 Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	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.

SCHOOL BOARD

DONNA J. SHEPHERD — PRESIDENT  
LYNN HALE — VICE PRESIDENT  
JILL NEWBY — SECRETARY  
PAM CARTER — MEMBER  
SCOTT E. GASKINS — MEMBER  
HARRY KENWORTHY — MEMBER  
LINDA SINGER — MEMBER



To Educate and Inspire Today's Students  
for Tomorrow's Opportunities

RANDY McCRACKEN — SUPERINTENDENT  
MARK DuBOIS — ASSISTANT SUPERINTENDENT  
BROOK CLEAVER — DIRECTOR OF FINANCE  
CRAIG SHEARER — DIRECTOR OF TECHNOLOGY  
LISSA STRANAHAN — DIRECTOR OF EXCEPTIONAL  
LEARNERS & TESTING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2018-001** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Brook Cleaver, Director of Finance (765) 883-1453

Status of Audit Finding: As previously stated in our corrective action plan, beginning with the 2018-19 school year, we created a School Lunch Fund "Monthly Review" form that is currently being utilized by the Director of Food Service (DFS) & Director of Finance (DOF) to ensure that the fund does not exceed three months' average expenditures. We utilized the fiscal year end expenditures for 2017-18 to determine the 3-month average expenditure threshold for the 2018-2019 school year, and so forth. At the end of each month, we compare the fund balance to the threshold to determine if it is over or under. If it is over the threshold, we note what corrective action we will take and/or if a spend-down plan is in place to use the excess funds to enhance our program. Enhancements may include improving/expanding food choices, equipment maintenance and/or replacement, and staff professional development, etc. We both sign off on the form once the monthly review is completed. We both retain a copy of the form with our month-end reports. Once the Annual Financial Report (AFR) is completed and submitted to the Indiana Department of Finance, a spend down explanation will be itemized for approval by the State. Once approved by the Department of Finance, the DOF & DFS continue to monitor the fund balance on a monthly basis.

**FINDING 2018-002** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2014-2016

Contact Person Responsible for Corrective Action: Brook Cleaver, Director of Finance (765) 883-1453

Status of Audit Finding: The change in procedures related to the Annual Financial Report (AFR) & the Verification Process/Summary Report began with the 2018-2019 school year. The Director of Food Service (DFS) submitted the Annual Financial Report to the Director of Finance (DOF) for review to ensure it had been accurately prepared before submitting it to the State for approval. The DOF signed & dated the AFR worksheet along with the DFS. We have followed this same procedure every year moving forward. In addition, in October through December of 2018, the secretary to the Director of Food Service reviewed the verification process as it was completed by the Director of Food Service (then Emily Klingler) to ensure determinations and/or changes in eligibility were accurate. The secretary signed off on the Verification Summary Report before the Director submitted it to the State for approval. This same procedure has been followed every year moving forward. In September 2018, the secretary was trained on the verification process before verification began in October 2018. Beginning with the 2019-20 school year, all food service applications were reviewed by the secretary and approved by the DFS to ensure accuracy.

**WESTERN SCHOOL CORPORATION**

EQUAL OPPORTUNITY EMPLOYER

2600 SOUTH 600 WEST • RUSSIAVILLE, INDIANA 46979-0247 • PHONE 765-883-5576 • FAX 765-883-7946

Prospective employees will receive consideration without discrimination of race, creed, color, sex, age, national origin, handicap or veteran status

## 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/>.