

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
GRANT COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
02/27/2019



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jill Townsend	07-01-15 to 06-30-19
Superintendent of Schools	Tab McKenzie	07-01-15 to 06-30-19
President of the School Board	Dennis Banks	01-01-15 to 12-31-18



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE MISSISSINewa COMMUNITY  
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

**Report on the Financial Statement**

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

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

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

***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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

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

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

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

***Other Matters***

***Supplementary Information***

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


***Other Information***

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

December 20, 2018



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

**TO: THE OFFICIALS OF THE MISSISSINewa COMMUNITY  
SCHOOL CORPORATION, GRANT 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 Mississinewa Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 20, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001.

**Mississinewa Community School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

December 20, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 4,567,373	\$ 16,963,404	\$ 16,659,928	\$ 7,250	\$ 4,878,099	\$ 17,301,140	\$ 18,094,415	\$ 10,680	\$ 4,095,504
Debt Service	582,266	1,388,574	1,277,859	-	692,981	1,537,888	1,459,399	-	771,470
Retirement/Severance Bond Debt Service	1,406	9,272	-	-	10,678	-	-	(10,678)	-
Capital Projects	82,445	1,033,754	968,679	-	147,520	1,007,145	1,005,004	-	149,661
School Transportation	53,951	678,507	626,145	1,823	108,136	679,367	718,861	-	68,642
School Bus Replacement	140,812	123,702	163,842	-	100,672	143,106	84,233	-	159,545
Construction	20,000	-	19,241	-	759	829	-	-	1,588
School Lunch	431,454	1,260,730	1,298,282	-	393,902	1,312,219	1,298,228	-	407,893
Textbook Rental	88,705	49,347	2,318	-	135,734	95,176	165,514	-	65,396
Levy Excess	-	1,823	-	(1,823)	-	-	-	-	-
Joint Services and Supply - Special Education Cooperative	(121,947)	398,616	402,320	-	(125,651)	523,924	583,838	-	(185,565)
County Cooperative Special Programs	1,157	1,834	1,835	-	1,156	2,425	2,757	-	824
Readiness Program	14,872	94,141	73,780	-	35,233	125,692	116,227	-	44,698
Alternative Education	14,203	15,727	28,509	-	1,421	17,502	18,777	-	146
Early Intervention Grant	-	-	-	-	-	9,736	9,736	-	-
Early Learning Indiana	-	-	-	-	-	43,000	-	-	43,000
Lilly Endowment	-	-	-	-	-	30,000	10,000	-	20,000
Community Foundation Grant	20,000	1,500	16,050	-	5,450	-	5,400	-	50
John Dalton Teaching Award	-	3,932	3,930	-	2	-	-	(2)	-
Scholarships and Awards	-	-	-	-	-	25,000	-	-	25,000
Formative Assessment	-	6,592	6,592	-	-	30,649	30,649	-	-
High Ability FY2013	9,468	35,378	22,519	-	22,327	35,042	46,282	-	11,087
Non-English Speaking Programs	-	3,693	2,478	-	1,215	3,803	1,215	-	3,803
School Technology	44	4,404	-	-	4,448	6,308	5,500	-	5,256
Career and Technical Performance Grant	-	-	-	-	-	7,843	7,843	-	-
Title I FY 2014	(35,604)	582,910	678,177	73,371	(57,500)	385,845	453,277	71,535	(53,397)
Title I-D 14-15	-	540	540	-	-	17,197	17,798	-	(601)
Special Education FY 2014	(54,066)	586,802	576,182	-	(43,446)	523,420	525,195	-	(45,221)
Special Ed Pass-Thru	-	2,487,674	2,487,674	-	-	2,571,706	2,571,706	-	-
Preschool Pass-Through	-	94,757	94,757	-	-	128,076	128,076	-	-
ITQ, Enhanced Education Through Technology, Title II, Part D	-	73,371	-	(73,371)	-	71,535	-	(71,535)	-
Public Charter School ESEA Title X, Part C	-	-	-	-	-	91,931	101,213	-	(9,282)
Prepaid Lunch Clearing	-	318,228	280,043	-	38,185	357,118	391,634	-	3,669
Payroll Clearing	245,502	3,861,175	3,878,905	-	227,772	4,082,727	4,000,531	-	309,968
Totals	<u>\$ 6,062,041</u>	<u>\$ 30,080,387</u>	<u>\$ 29,570,585</u>	<u>\$ 7,250</u>	<u>\$ 6,579,093</u>	<u>\$ 31,167,349</u>	<u>\$ 31,853,308</u>	<u>\$ -</u>	<u>\$ 5,893,134</u>

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

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
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.

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
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:

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

*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.

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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.

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

**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

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being established to account for reimbursable grants and reimbursements for expenditures made by the School Corporation not being received by June 30, 2016 and 2017.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Mississinewa Middle School Building Corporation (the lessor). The lessor was organized as a (not-for-profit) corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$134,680 and \$374,672, respectively.

#### OTHER INFORMATION - UNAUDITED

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

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

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

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MISSISSINewa COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 4,567,373	\$ 582,266	\$ 1,406	\$ 82,445	\$ 53,951	\$ 140,812	\$ 20,000	\$ 431,454	\$ 88,705
Receipts:									
Local sources	271,842	1,388,574	9,272	1,033,754	678,336	123,702	-	316,538	49,347
Intermediate sources	3	-	-	-	-	-	-	-	-
State sources	16,598,516	-	-	-	-	-	-	37,981	-
Federal sources	-	-	-	-	-	-	-	904,237	-
Other receipts	93,043	-	-	-	171	-	-	1,974	-
Total receipts	16,963,404	1,388,574	9,272	1,033,754	678,507	123,702	-	1,260,730	49,347
Disbursements:									
Instruction	10,645,653	-	-	-	-	-	-	-	-
Support services	5,688,866	-	-	403,974	626,145	163,842	-	1,370	2,318
Noninstructional services	227,187	-	-	-	-	-	-	1,296,912	-
Facilities acquisition and construction	98,222	-	-	564,705	-	-	19,241	-	-
Debt service	-	1,277,859	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	16,659,928	1,277,859	-	968,679	626,145	163,842	19,241	1,298,282	2,318
Excess (deficiency) of receipts over disbursements	303,476	110,715	9,272	65,075	52,362	(40,140)	(19,241)	(37,552)	47,029
Other financing sources (uses):									
Sale of capital assets	7,250	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,823	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,250	-	-	-	1,823	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	310,726	110,715	9,272	65,075	54,185	(40,140)	(19,241)	(37,552)	47,029
Cash and investments - ending	\$ 4,878,099	\$ 692,981	\$ 10,678	\$ 147,520	\$ 108,136	\$ 100,672	\$ 759	\$ 393,902	\$ 135,734

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Levy Excess	Joint Services and Supply - Special Education Cooperative	County Cooperative Special Programs	Readiness Program	Alternative Education	Early Intervention Grant	Early Learning Indiana	Lilly Endowment	Community Foundation Grant
Cash and investments - beginning	\$ -	\$ (121,947)	\$ 1,157	\$ 14,872	\$ 14,203	\$ -	\$ -	\$ -	\$ 20,000
Receipts:									
Local sources	-	398,616	-	94,141	-	-	-	-	1,500
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	1,834	-	15,727	-	-	-	-
Federal sources	1,823	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	1,823	398,616	1,834	94,141	15,727	-	-	-	1,500
Disbursements:									
Instruction	-	80,927	1,835	73,670	-	-	-	-	5,000
Support services	-	321,393	-	110	28,509	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	10,000
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,050
Total disbursements	-	402,320	1,835	73,780	28,509	-	-	-	16,050
Excess (deficiency) of receipts over disbursements	1,823	(3,704)	(1)	20,361	(12,782)	-	-	-	(14,550)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(1,823)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,823)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,704)	(1)	20,361	(12,782)	-	-	-	(14,550)
Cash and investments - ending	\$ -	\$ (125,651)	\$ 1,156	\$ 35,233	\$ 1,421	\$ -	\$ -	\$ -	\$ 5,450

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	John Dalton Teaching Award	Scholarships and Awards	Formative Assessment	High Ability FY2013	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Title I FY 2014	Title I-D 14-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 9,468	\$ -	\$ 44	\$ -	\$ (35,604)	\$ -
Receipts:									
Local sources	3,932	-	-	-	-	-	-	-	270
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	6,592	35,378	3,693	4,404	-	-	-
Federal sources	-	-	-	-	-	-	-	582,910	270
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	3,932	-	6,592	35,378	3,693	4,404	-	582,910	540
Disbursements:									
Instruction	-	-	6,592	22,519	-	-	-	639,792	540
Support services	-	-	-	-	2,115	-	-	35,898	-
Noninstructional services	3,930	-	-	-	363	-	-	2,487	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	3,930	-	6,592	22,519	2,478	-	-	678,177	540
Excess (deficiency) of receipts over disbursements	2	-	-	12,859	1,215	4,404	-	(95,267)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	73,371	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	73,371	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2	-	-	12,859	1,215	4,404	-	(21,896)	-
Cash and investments - ending	\$ 2	\$ -	\$ -	\$ 22,327	\$ 1,215	\$ 4,448	\$ -	\$ (57,500)	\$ -

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Special Education FY 2014	Special Ed Pass-Thru	Preschool Pass-Thru	ITQ, Enhanced Education Through Technology, Title II, Part D	Public Charter School ESEA Title X, Part C	Prepaid Lunch Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ (54,066)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,502	\$ 6,062,041
Receipts:								
Local sources	586,802	-	-	-	-	-	-	4,956,626
Intermediate sources	-	-	-	-	-	-	-	3
State sources	-	-	-	-	-	-	-	16,704,125
Federal sources	-	2,487,674	94,757	73,371	-	-	-	4,145,042
Other receipts	-	-	-	-	-	318,228	3,861,175	4,274,591
Total receipts	<u>586,802</u>	<u>2,487,674</u>	<u>94,757</u>	<u>73,371</u>	<u>-</u>	<u>318,228</u>	<u>3,861,175</u>	<u>30,080,387</u>
Disbursements:								
Instruction	382,339	2,487,674	94,757	-	-	-	-	14,441,298
Support services	193,843	-	-	-	-	-	-	7,468,383
Noninstructional services	-	-	-	-	-	-	-	1,530,879
Facilities acquisition and construction	-	-	-	-	-	-	-	692,168
Debt service	-	-	-	-	-	-	-	1,277,859
Nonprogrammed charges	-	-	-	-	-	280,043	3,878,905	4,159,998
Total disbursements	<u>576,182</u>	<u>2,487,674</u>	<u>94,757</u>	<u>-</u>	<u>-</u>	<u>280,043</u>	<u>3,878,905</u>	<u>29,570,585</u>
Excess (deficiency) of receipts over disbursements	<u>10,620</u>	<u>-</u>	<u>-</u>	<u>73,371</u>	<u>-</u>	<u>38,185</u>	<u>(17,730)</u>	<u>509,802</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	7,250
Transfers in	-	-	-	-	-	2,012	2,012	79,218
Transfers out	-	-	-	(73,371)	-	(2,012)	(2,012)	(79,218)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,371)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,250</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>10,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,185</u>	<u>(17,730)</u>	<u>517,052</u>
Cash and investments - ending	<u>\$ (43,446)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,185</u>	<u>\$ 227,772</u>	<u>\$ 6,579,093</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
 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	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 4,878,099	\$ 692,981	\$ 10,678	\$ 147,520	\$ 108,136	\$ 100,672	\$ 759	\$ 393,902	\$ 135,734
Receipts:									
Local sources	328,925	1,537,888	-	1,007,145	679,238	143,106	-	404,729	95,176
Intermediate sources	6	-	-	-	-	-	-	-	-
State sources	16,921,589	-	-	-	-	-	-	19,191	-
Federal sources	-	-	-	-	-	-	-	888,265	-
Other receipts	50,620	-	-	-	129	-	829	34	-
Total receipts	17,301,140	1,537,888	-	1,007,145	679,367	143,106	829	1,312,219	95,176
Disbursements:									
Instruction	11,214,767	-	-	-	-	-	-	-	-
Support services	6,084,720	-	-	562,179	718,861	84,233	-	992	165,514
Noninstructional services	250,383	-	-	-	-	-	-	1,297,236	-
Facilities acquisition and construction	544,545	-	-	442,825	-	-	-	-	-
Debt service	-	1,459,399	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	18,094,415	1,459,399	-	1,005,004	718,861	84,233	-	1,298,228	165,514
Excess (deficiency) of receipts over disbursements	(793,275)	78,489	-	2,141	(39,494)	58,873	829	13,991	(70,338)
Other financing sources (uses):									
Transfers in	10,680	-	-	-	-	-	-	-	-
Transfers out	-	-	(10,678)	-	-	-	-	-	-
Total other financing sources (uses)	10,680	-	(10,678)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(782,595)	78,489	(10,678)	2,141	(39,494)	58,873	829	13,991	(70,338)
Cash and investments - ending	\$ 4,095,504	\$ 771,470	\$ -	\$ 149,661	\$ 68,642	\$ 159,545	\$ 1,588	\$ 407,893	\$ 65,396

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

	Levy Excess	Joint Services and Supply - Special Education Cooperative	County Cooperative Special Programs	Readiness Program	Alternative Education	Early Intervention Grant	Early Learning Indiana	Lilly Endowment	Community Foundation Grant
Cash and investments - beginning	\$ -	\$ (125,651)	\$ 1,156	\$ 35,233	\$ 1,421	\$ -	\$ -	\$ -	\$ 5,450
Receipts:									
Local sources	-	522,254	-	125,692	-	-	-	30,000	-
Intermediate sources	-	-	-	-	-	-	43,000	-	-
State sources	-	-	1,370	-	17,502	9,736	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	1,670	1,055	-	-	-	-	-	-
Total receipts	-	523,924	2,425	125,692	17,502	9,736	43,000	30,000	-
Disbursements:									
Instruction	-	122,940	2,757	115,967	-	9,736	-	10,000	-
Support services	-	460,898	-	260	18,777	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	5,400
Total disbursements	-	583,838	2,757	116,227	18,777	9,736	-	10,000	5,400
Excess (deficiency) of receipts over disbursements	-	(59,914)	(332)	9,465	(1,275)	-	43,000	20,000	(5,400)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(59,914)	(332)	9,465	(1,275)	-	43,000	20,000	(5,400)
Cash and investments - ending	\$ -	\$ (185,565)	\$ 824	\$ 44,698	\$ 146	\$ -	\$ 43,000	\$ 20,000	\$ 50

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

	John Dalton Teaching Award	Scholarships and Awards	Formative Assessment	High Ability FY2013	Non-English Speaking Programs	School Technology	Career and Technical Performance Grant	Title I FY 2014	Title I-D 14-15
Cash and investments - beginning	\$ 2	\$ -	\$ -	\$ 22,327	\$ 1,215	\$ 4,448	\$ -	\$ (57,500)	\$ -
Receipts:									
Local sources	-	25,000	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	30,649	35,042	3,803	6,308	-	-	-
Federal sources	-	-	-	-	-	-	7,843	385,845	17,197
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	25,000	30,649	35,042	3,803	6,308	7,843	385,845	17,197
Disbursements:									
Instruction	-	-	-	46,282	1,215	-	7,843	405,484	17,798
Support services	-	-	30,649	-	-	5,500	-	41,719	-
Noninstructional services	-	-	-	-	-	-	-	6,074	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	30,649	46,282	1,215	5,500	7,843	453,277	17,798
Excess (deficiency) of receipts over disbursements	-	25,000	-	(11,240)	2,588	808	-	(67,432)	(601)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	71,535	-
Transfers out	(2)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2)	-	-	-	-	-	-	71,535	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2)	25,000	-	(11,240)	2,588	808	-	4,103	(601)
Cash and investments - ending	\$ -	\$ 25,000	\$ -	\$ 11,087	\$ 3,803	\$ 5,256	\$ -	\$ (53,397)	\$ (601)

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

	Special Education FY 2014	Special Ed Pass-Thru	Preschool Pass-Thru	ITQ, Enhanced Education Through Technology, Title II, Part D	Public Charter School ESEA Title X, Part C	Prepaid Lunch Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ (43,446)	\$ -	\$ -	\$ -	\$ -	\$ 38,185	\$ 227,772	\$ 6,579,093
Receipts:								
Local sources	523,420	-	-	-	-	-	-	5,422,573
Intermediate sources	-	-	-	-	-	-	-	43,006
State sources	-	-	-	-	-	-	-	17,045,190
Federal sources	-	2,571,706	128,076	71,535	91,931	-	-	4,162,398
Other receipts	-	-	-	-	-	357,118	4,082,727	4,494,182
Total receipts	523,420	2,571,706	128,076	71,535	91,931	357,118	4,082,727	31,167,349
Disbursements:								
Instruction	352,563	2,571,706	128,076	-	78,008	-	-	15,085,142
Support services	172,632	-	-	-	23,205	-	-	8,370,139
Noninstructional services	-	-	-	-	-	-	-	1,553,693
Facilities acquisition and construction	-	-	-	-	-	-	-	987,370
Debt service	-	-	-	-	-	-	-	1,459,399
Nonprogrammed charges	-	-	-	-	-	391,634	4,000,531	4,397,565
Total disbursements	525,195	2,571,706	128,076	-	101,213	391,634	4,000,531	31,853,308
Excess (deficiency) of receipts over disbursements	(1,775)	-	-	71,535	(9,282)	(34,516)	82,196	(685,959)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	82,215
Transfers out	-	-	-	(71,535)	-	-	-	(82,215)
Total other financing sources (uses)	-	-	-	(71,535)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,775)	-	-	-	(9,282)	(34,516)	82,196	(685,959)
Cash and investments - ending	\$ (45,221)	\$ -	\$ -	\$ -	\$ (9,282)	\$ 3,669	\$ 309,968	\$ 5,893,134

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 87,901</u>	<u>\$ 49,532</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Financial Services	Student & Teacher macbook purchase	\$ 450,139	3/17/2015	3/17/2018
US Bank	Copier Lease	35,297	1/1/2017	12/31/2021
US Bank	Phone System & Equipment	31,624	8/1/2014	12/31/2020
Mississinewa Middle School Building Corporation	HS Auxiliary Gym and NV Kitchen Expansion	463,500	6/30/2011	6/30/2025
Mississinewa Middle School Building Corporation	Renovation of RJ Baskett Middle School	<u>52,455</u>	6/30/2001	6/30/2026
Total of annual lease payments		<u>\$ 1,033,015</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Common School Loan	Elementary School Renovation	\$ 3,822,416	\$ 224,700
Common School Loan	Elementary School Renovation	3,245,472	190,784
Common School Loan	HighSchool Renovation	<u>500,000</u>	<u>110,000</u>
Totals		<u>\$ 7,567,888</u>	<u>\$ 525,484</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2017

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

	Ending Balance
Governmental activities:	
Land	\$ 129,050
Infrastructure	24,786
Buildings	14,939,876
Improvements other than buildings	319,549
Machinery, equipment, and vehicles	1,077,547
Books and other	<u>35,000</u>
Total capital assets	<u>\$ 16,525,808</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE MISSISSINewa COMMUNITY  
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

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

We have audited the Mississinewa Community 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 each of its major federal programs for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

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


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002 and 2017-003, 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.

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

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

  
Paul D. Joyce, CPA  
State Examiner

December 20, 2018

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

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

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2015-2016 FY 2016-2017	\$ - -	\$ 158,822 -	\$ - -	\$ - 142,916
Total - School Breakfast Program				-	158,822	-	142,916
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2015-2016	-	745,415	-	-
Commodities			FY 2015-2016	-	89,881	-	-
School Lunch Program			FY 2016-2017	-	-	-	709,767
Commodities			FY 2016-2017	-	-	-	118,284
Total - National School Lunch Program				-	835,296	-	828,051
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2015-2016 FY 2016-2017	- -	26,755 -	- -	- 33,005
Total - Summer Food Service Program for Children				-	26,755	-	33,005
Total - Child Nutrition Cluster				-	1,020,873	-	1,003,972
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2016-2017	-	-	-	11,019
Total - Department of Agriculture				-	1,020,873	-	1,014,991
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed Part B			14215-021-PN01	-	138,667	-	-
Special Ed Part B			14216-019-PN01	-	448,135	-	116,983
Special Ed Part B			14217-019-PN01	-	-	-	406,436
Total - Special Education Grants to States				-	586,802	-	523,419
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Ed Preschool			45715-021-PN01	-	17,645	-	-
Special Ed Preschool			45716-019-PN01	-	-	-	22,642
Special Ed Preschool			45717-019-PN01	-	-	-	23,448
Total - Special Education Preschool Grants				-	17,645	-	46,090
Total - Special Education Cluster (IDEA)				-	604,447	-	569,509

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I, Part A, Basic Grant FY 2015			15-2855	-	57,148	-	-
Title I, Part A, Basic Grant FY 2016			16-2855	-	525,762	-	57,501
Title I, Part A, Basic Grant FY 2017			17-2855	-	-	-	328,344
Title I, Part D, Basic Delinquent Grant FY 2015			15D-2855	-	270	-	-
Title I, Part D, Basic Delinquent Grant FY 2016			16D-2855	-	270	-	8,398
Title I, Part D, Basic Delinquent Grant FY 2017			17D-2855	-	-	-	8,798
Total - Title I Grants to Local Educational Agencies				-	583,450	-	403,041
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	FY 2016-2017	-	-	-	7,843
Rural Education	Indiana Department of Education	84.358					
			FY 2015-2016	-	-	-	56,258
			FY 2016-2017	-	-	-	35,673
Total - Rural Education				-	-	-	91,931
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			S367A150015	-	73,371	-	-
			S367A160013	-	-	-	71,535
Total - Supporting Effective Instruction State Grants				-	73,371	-	71,535
Total - Department of Education				-	1,261,268	-	1,143,859
Total federal awards expended				\$ -	\$ 2,282,141	\$ -	\$ 2,158,850

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

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

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

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

MISSISSINewa COMMUNITY 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 weakness identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
84.010	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**

**FINDING 2017-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

*Condition*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer was the person solely responsible for preparing and submitting the SEFA. There was no segregation of duties documented, such as an oversight, review, approval process, or other compensating control.

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls was a systemic problem throughout the audit period. The SEFA contained the following errors:

1. The Child Nutrition Cluster programs were not identified separately.
2. The Title I Grants to Local Educational Agencies were not properly classified.
3. The Special Education Cluster (IDEA) programs were not properly reported.
4. The School Corporation omitted some grants.

In total, the SEFA was overstated in fiscal year 2016 by \$2,761,098, and in fiscal year 2017 by \$3,039,864. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the preparation of the SEFA.

*Views of Responsible Officials*

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

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2017-002***

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

***Repeat Finding***

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-004.

***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 Cash Management compliance requirement.

The School Lunch fund balance exceeded the 3 months average expenditures in 7 of the 24 months during the audit period. The 3 months average of expenditures for the School Lunch fund for fiscal year 2015-2016 and fiscal year 2016-2017 was \$389,485 and \$389,468, respectively. During the 7 months that the School Corporation was not in compliance, the balance exceeded the average expenditures in amounts from \$3,860 to \$124,134.

***Context***

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

***Criteria***

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

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

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

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(b) states: "*Net cash resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

- (iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, enabled noncompliance with the grant agreement and the Cash Management compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2017-003**

Subject: School Breakfast Program, National School Lunch Program - Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2015-2016, FY 2016-2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a partial repeat finding from the immediately prior audit. The prior audit finding number was 2015-005.

*Condition*

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

The School Corporation prepared and submitted the annual School Food Authority (SFA) Verification Collection Report and LEA Second Review of Applications Report for both fiscal year 2015-2016 and fiscal year 2016-2017 without evidence of a proper system of oversight or review.

*Context*

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

*Criteria*

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

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

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 would have ensured compliance with the Reporting compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

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

*Views of Responsible Officials*

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

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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.

# MISSISSINewa COMMUNITY SCHOOLS

## ADMINISTRATION OFFICE

424 EAST SOUTH "A" STREET  
GAS CITY, INDIANA 46933  
PHONE: (765)674-8528  
FAX: (765)674-8529

OFFICE OF  
TAB H. MCKENZIE, SUPERINTENDENT  
LEZLIE A. WINTER, ASSISTANT SUPERINTENDENT  
JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Fiscal year in which the finding initially occurred: FY 2014-2015  
Contact Person Responsible for Corrective Action: Jill Townsend  
Contact Phone Number: (765) 677-4446

Status of Audit Finding: Ongoing

Since our previous audit for FY 2014-2015 MCSC has been working and continues to work towards implementing the following internal controls as corrective actions:

- *Director of Business Affairs used the format given by the previous lead auditor to prepare correctly the Schedule of Expenditures of Federal Awards. The Director of Business Affairs uses the School's Fund report to complete the SEFA. Actual receipts and expenses are used for reporting the federal funds on the SEFA report.*
- *Segregation of duties and safeguarding controls are implemented in the business office with two people always checking the information for accuracy.*
- *Pass-through funds are reported to subreceipts of federal grants.*
- *Director of Business will consult with the Nutrition Director in reporting Child Nutrition Fund on the SEFA reporting of non-cash assistance.*

Jill Townsend  
(Signature)

Director of Business Affairs  
(Title)

12/13/18  
(Date)

# MISSISSINEWA COMMUNITY SCHOOLS

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## OFFICE OF

TAB H. MCKENZIE, SUPERINTENDENT

LEZLIE A. WINTER, ASSISTANT SUPERINTENDENT

JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-002**

Fiscal year in which the finding initially occurred: FY 2014-2015

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jill Townsend

Contact Phone Number: (765) 677-4446

Status of Audit Finding: This finding has been corrected.

Since our previous audit for FY 2014-2015 MCSC has implemented the following internal controls as corrective actions:

*Payroll personnel gives monthly a list to the Director of Business to check for accuracy. Director of Business will share this list with the Title I Director who will also ensure proper personnel is being paid from the Title I Grant.*

*Upon completion of the Title I final report, the Director of Business will share with the Title I Director to check for accuracy.*

  
(Signature)

  
(Title)

  
(Date)

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LEZLIE A. WINTER, ASSISTANT SUPERINTENDENT  
JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Fiscal year in which the finding initially occurred: FY 2014-2015

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

Contact Person Responsible for Corrective Action: Director of Child Nutrition, Amanda Worrick


Contact Phone Number: (765) 677-4423

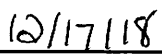
Status of Audit Finding: This finding has been corrected.

Since our previous audit for FY 2014-2015 MCSC has implemented the following internal controls as corrective actions:

- *Activities Allowed or Unallowed and Allowable Costs/ Cost Principles*  
-The Director of Business prints all food service personnel's payroll each pay period and gives to the Director of Child Nutrition for approval. The Director of Child Nutrition checks that all employees on list were performing food service tasks during the pay period, signs, dates and returns document to the Director of Business.
- *Eligibility*  
-MCSC has implemented a new online application process where the parents/guardians can apply and the application goes directly to the Director of Child Nutrition. MCSC still does allow paper applications for those who might need them, if received the Director of Child Nutrition inputs into the computer system. The system calculates eligibility by parameters set by the state each school year. Applications are also spot checked by the High School Cafeteria Manager who has been trained on the Free and Reduced Application process. The second reviewer signs and dates the printed copy of the application when checked for accuracy.
- *Program Income*  
-Each month the Director of Child Nutrition completes the claims for the NSLP, NSBP, SFSP, CACFP the claim is printed and checked by the Director of Business who compares totals with totals printed from our POS system and signs off on them. The claims are submitted to the DOE for final approval.
- *Special Tests and Provisions – Paid Lunch Equity*  
-The Director of Child Nutrition calculates school meal pricing using the Paid Lunch Equity Tool each year. The Director of Business checks for accuracy. The DOE and the School Board then approves that years pricing schedule.

  
(Signature)

  
(Title)

  
(Date)

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LEZLIE A. WINTER, ASSISTANT SUPERINTENDENT  
JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-004***

Fiscal year in which the finding initially occurred: FY 2014-2015

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

Contact Person Responsible for Corrective Action: Director of Child Nutrition, Amanda Worrick

Contact Phone Number: (765) 677-4423

Status of Audit Finding: Ongoing

Since our previous audit for FY 2014-2015 MCSC has been working and continues to work towards implementing the following internal controls as corrective actions:

- *Each month financial reports are printed and approved by both the Director of Child Nutrition and the Director of Business. The AFR is calculated by the Director of Child Nutrition and approved by the Director of Business before being submitted to the DOE. If the cash balance is above the allowed 3 months operating expense average, a spending plan is submitted to the DOE explaining why this is. Currently MCSC is saving to purchase new serving line equipment at their High School with the extra funds on account. MCSC presently has an exemption from the IDOE for Cash Management.*

*Amanda Worrick*  
(Signature)

*Director of Child Nutrition*  
(Title)

*12/17/18*  
(Date)

# MISSISSINEWA COMMUNITY SCHOOLS

## ADMINISTRATION OFFICE

424 EAST SOUTH "A" STREET  
GAS CITY, INDIANA 46933  
PHONE: (765)674-8528  
FAX: (765)674-8529

OFFICE OF  
TAB H. MCKENZIE, SUPERINTENDENT  
LEZLIE A. WINTER, ASSISTANT SUPERINTENDENT  
JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-005**

Fiscal year in which the finding initially occurred: FY 2014-2015

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

Contact Person Responsible for Corrective Action: Director of Child Nutrition, Amanda Worrick


Contact Phone Number: (765) 677-4423

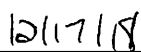
Status of Audit Finding: This finding is ongoing.

Since our previous audit for FY 2014-2015 MCSC has implemented the following internal controls as corrective actions:

- MCSC has implemented a new POS system that calculates total meals sold at each location daily. Total Meals claimed taken from counts at the point of service which correctly identify the number of free, reduced and paid lunches served to eligible children. Edit checks are performed on these counts by the Director of Child Nutrition. Monthly reports are printed and used to complete monthly claims for reimbursement. The Director of Child Nutrition completes monthly claims for NSLP, NSBP, SFSP and CACFP and the Director of Business checks for accuracy and signs off on claims each month. MCSC will obtain a second signature on the verification summary report.*

  
(Signature)

  
(Title)

  
(Date)

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-006**

Fiscal year in which the finding initially occurred: FY 2014-2015

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

Contact Person Responsible for Corrective Action: Director of Child Nutrition, Amanda Worrick

Contact Phone Number: (765) 677-4423

Status of Audit Finding: This finding has been corrected.

Since our previous audit for FY 2014-2015 MCSC has implemented the following internal controls as corrective actions:

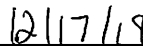
- *MCSC follows Verification procedures as set by the IDOE. MCSC completes verification as instructed by DOE whether that be all error prone applications, random error prone or random. Once pulled by the POS system applications are checked by the Director of Child Nutrition as well as the High School Cafeteria Manager who has been trained on verification and initials and dates each application. Direct Verification is then completed or verification by household contact. The verification report is submitted to the DOE for approval and all documents are kept on file for 3 years plus the current year.*



(Signature)



(Title)



(Date)

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JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-007**

Fiscal year in which the finding initially occurred: FY 2014-2015

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

Contact Person Responsible for Corrective Action: Director of Child Nutrition, Amanda Worrick

Contact Phone Number: (765) 677-4423

Status of Audit Finding: The finding has been corrected.

Since our previous audit for FY 2014-2015 MCSC has implemented the following internal controls as corrective actions:

- *MCSC has implemented a Procurement Plan as well as a corporation wide purchasing policy which requires that vendors have not been suspended or debarred. The Director of Child Nutrition follows the procurement plan which adheres to the IDOE purchasing guidelines for bids (Informal less than \$150,000, Formal more than \$150,000, thresholds: Large Purchase over \$150,000, Small Purchase between \$10,000 - \$150,000, Micro Purchase under \$10,000)*
- *Approval is obtained for the IDOE when any purchase over \$5,000 is made within the Child Nutrition Programs.*
- *Any contracted vendors are properly procured through either a purchasing group or independently if independently bids are advertised and school board approved.*



(Signature)



(Title)



(Date)

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JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Jill Townsend  
Contact Phone Number: 765-674-8528


Views of Responsible Official: We concur with the finding

### Description of Corrective Action Plan:

The Director of Business Affairs will no longer report Special Ed Coop Pass-Through federal grants on the SEFA. The Director of Business Affairs will break down the Child Nutrition Cluster, make sure all federal grants are listed and not include Title 2A as part of Title I.

Anticipated Completion Date: July 1, 2019

  
(Signature)

  
(Title)

  
(Date)

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## CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Jill Townsend & Amanda Worrick  
Contact Phone Number: 765-674-8528

Views of Responsible Official: We concur with the finding

### Description of Corrective Action Plan:

The Director of Child Nutrition has already received a waiver for 2017-18 and 2018-19 excess three month cash balances, as she is planning for renovations for three cafeterias.

The Director of Child Nutrition received a waiver from the DOE in 2015 to not increase lunch prices due to the excess balance.

Anticipated Completion Date: Completed July 1, 2017

  
(Signature)

  
(Title)

  
(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2017-003**

Contact Person Responsible for Corrective Action: Jill Townsend & Amanda Worrick  
Contact Phone Number: 765-674-8528

Views of Responsible Official: We concur with the finding

### Description of Corrective Action Plan:

The Director of Child Nutrition has the Director of Business Affairs check and sign the annual School Food Authority (SFA) Verification Collection Report for evidence of a proper system of oversight or review.

Anticipated Completion Date: Completed July 1, 2017

Jill Townsend  
(Signature)

Director of Business Affairs  
(Title)

12/17/18  
(Date)

#### OTHER REPORTS

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