

**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, 2013 to June 30, 2015



**FILED**  
09/22/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jill Townsend	07-01-13 to 06-30-17
Superintendent of Schools	Michael A. Powell Tab McKenzie	07-01-13 to 06-30-15 07-01-15 to 06-30-17
President of the School Board	David Linn Dennis Banks	01-01-13 to 12-31-14 01-01-15 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE 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, 2013 to June 30, 2015, 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 of 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 of 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, 2013 to June 30, 2015.

***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, 2013 to June 30, 2015, 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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, 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 June 29, 2016, 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 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 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

June 29, 2016



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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, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated June 29, 2016, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be material weaknesses.

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**

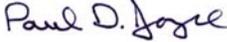
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2015-001.

**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

June 29, 2016

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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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MISSISSIPPI COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 4,049,438	\$ 16,330,726	\$ 15,626,457	\$ -	\$ 4,753,707	\$ 16,892,005	\$ 17,078,339	\$ -	\$ 4,567,373
Debt Service	517,277	1,202,377	1,180,231	-	539,423	1,212,781	1,170,310	372	582,266
Retirement/Severance Bond Debt Service	133,620	271,642	265,945	-	139,317	126,270	264,273	92	1,406
Capital Projects	170,670	1,030,278	1,184,591	-	16,357	1,008,609	965,282	22,761	82,445
School Transportation	151,529	641,566	721,583	-	71,512	643,505	660,923	(143)	53,951
School Bus Replacement	191,299	91,061	169,504	-	112,856	131,555	80,517	(23,082)	140,812
Construction	-	-	-	-	-	-	-	20,000	20,000
School Lunch	466,595	1,087,349	1,170,442	-	383,502	1,248,288	1,200,336	-	431,454
Textbook Rental	25,473	79,417	97,381	-	7,509	82,985	1,789	-	88,705
Joint Services and Supply - Special Education Cooperative	(34,800)	337,881	376,869	-	(73,788)	419,248	467,407	-	(121,947)
County Cooperative Special Programs	4,935	2,206	1,220	-	5,921	1,901	6,665	-	1,157
Readiness Program	28,382	84,365	57,560	-	55,187	76,422	116,737	-	14,872
Ole Miss Tutoring	45,457	-	45,457	-	-	-	-	-	-
Alternative Education	-	12,906	12,906	-	-	14,807	604	-	14,203
Community Foundation Grant	-	-	-	-	-	20,000	-	-	20,000
POS Behavior Reward Middle School	516	-	516	-	-	-	-	-	-
High Ability FY2012	8,615	-	8,615	-	-	-	-	-	-
High Ability FY2013	-	33,767	26,206	-	7,561	34,261	32,354	-	9,468
School Technology	11,822	10,996	22,817	-	1	3,669	3,626	-	44
Excellence in Performance Grant	-	-	-	-	-	24,474	24,474	-	-
Title I FY 2013	-	411,918	518,834	67,714	(39,202)	63,676	24,474	-	-
Title I FY 2014	-	-	-	-	-	338,879	444,567	70,084	(35,604)
Title I FY 2012	(35,816)	64,723	102,849	73,942	-	-	-	-	-
Title I Part D FY 2014	-	-	-	-	-	3,625	3,625	-	-
Title I Part D FY 2012	-	10,099	10,099	-	-	-	-	-	-
Title I Part D FY 2013	-	8,888	9,288	-	(400)	475	75	-	-
Special Education FY 2013	-	375,482	420,042	-	(44,560)	180,685	136,125	-	-
Special Education FY 2014	-	-	-	-	-	425,890	479,956	-	(54,066)
Special Education FY 2012	(82,788)	242,012	159,346	-	(122)	122	-	-	-
Special Education Improvement Award	(45,663)	69,287	23,624	-	-	-	-	-	-
Special Education Pass-Thru	186,032	2,567,151	2,753,183	-	-	2,465,565	2,465,565	-	-
Preschool Pass-Thru	4,117	108,376	112,493	-	-	108,528	108,528	-	-
Technology Assistance Grant	-	29,067	29,498	-	(431)	26,472	26,041	-	-
Title II Part A FY 2011	(24,461)	24,461	-	-	-	-	-	-	-
Title II Part A FY 2012	-	73,942	-	(73,942)	-	-	-	-	-
Title II Part A FY 2013	-	67,714	-	(67,714)	-	70,084	-	(70,084)	-
Public Charter School ESEA Title X, Part C	-	47,326	47,326	-	-	50,479	50,479	-	-
Payroll Clearing	224,687	12,068,972	12,169,383	-	124,276	4,193,494	4,072,268	-	245,502
<b>Totals</b>	<b>\$ 5,996,936</b>	<b>\$ 37,385,955</b>	<b>\$ 37,324,265</b>	<b>\$ -</b>	<b>\$ 6,058,626</b>	<b>\$ 29,868,754</b>	<b>\$ 29,885,339</b>	<b>\$ 20,000</b>	<b>\$ 6,062,041</b>

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

Intermediate sources, which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

MISSISSINewa COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State sources, which include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources, which include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts, which include 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, which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services, which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services, which include outflows for food service operations and community service operations.

Facilities acquisition and construction, which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services, which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges, which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

Proceeds of long-term debt, which includes money received in relation to the issuance of bonds or other long-term debt issues.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

Transfers out, which includes money 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 money 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 money 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 March 1 (lien date) 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.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash as 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, 2014 and 2015.

**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, 2014 and 2015, totaled \$41,500 and \$60,000, respectively.

#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. 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 Gateway 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 Financial Reports of the School Corporation which are 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.

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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	School Lunch
Cash and investments - beginning	\$ 4,049,438	\$ 517,277	\$ 133,620	\$ 170,670	\$ 151,529	\$ 191,299	\$ -	\$ 466,595
Receipts:								
Local sources	227,035	1,202,377	271,642	1,030,278	641,252	91,061	-	326,160
Intermediate sources	4	-	-	-	-	-	-	-
State sources	15,960,770	-	-	-	-	-	-	10,341
Federal sources	-	-	-	-	-	-	-	750,848
Other receipts	142,917	-	-	-	314	-	-	-
Total receipts	<u>16,330,726</u>	<u>1,202,377</u>	<u>271,642</u>	<u>1,030,278</u>	<u>641,566</u>	<u>91,061</u>	<u>-</u>	<u>1,087,349</u>
Disbursements:								
Instruction	9,811,497	-	-	-	-	-	-	-
Support services	5,351,733	-	-	651,220	721,583	169,504	-	272
Noninstructional services	226,045	-	-	-	-	-	-	1,170,170
Facilities acquisition and construction	237,182	-	-	533,371	-	-	-	-
Debt services	-	1,180,231	265,945	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>15,626,457</u>	<u>1,180,231</u>	<u>265,945</u>	<u>1,184,591</u>	<u>721,583</u>	<u>169,504</u>	<u>-</u>	<u>1,170,442</u>
Excess (deficiency) of receipts over disbursements	<u>704,269</u>	<u>22,146</u>	<u>5,697</u>	<u>(154,313)</u>	<u>(80,017)</u>	<u>(78,443)</u>	<u>-</u>	<u>(83,093)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>704,269</u>	<u>22,146</u>	<u>5,697</u>	<u>(154,313)</u>	<u>(80,017)</u>	<u>(78,443)</u>	<u>-</u>	<u>(83,093)</u>
Cash and investments - ending	<u>\$ 4,753,707</u>	<u>\$ 539,423</u>	<u>\$ 139,317</u>	<u>\$ 16,357</u>	<u>\$ 71,512</u>	<u>\$ 112,856</u>	<u>\$ -</u>	<u>\$ 383,502</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, 2014  
 (Continued)

	Textbook Rental	Joint Services and Supply - Special Education Cooperative	County Cooperative Special Programs	Readiness Program	Ole Miss Tutoring	Alternative Education	Community Foundation Grant	POS Behavior Reward Middle School
Cash and investments - beginning	\$ 25,473	\$ (34,800)	\$ 4,935	\$ 28,382	\$ 45,457	\$ -	\$ -	\$ 516
Receipts:								
Local sources	25,059	337,881	50	84,365	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	54,358	-	2,156	-	-	12,906	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>79,417</u>	<u>337,881</u>	<u>2,206</u>	<u>84,365</u>	<u>-</u>	<u>12,906</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	-	63,271	1,220	56,807	45,457	-	-	516
Support services	97,381	313,598	-	753	-	12,906	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>97,381</u>	<u>376,869</u>	<u>1,220</u>	<u>57,560</u>	<u>45,457</u>	<u>12,906</u>	<u>-</u>	<u>516</u>
Excess (deficiency) of receipts over disbursements	<u>(17,964)</u>	<u>(38,988)</u>	<u>986</u>	<u>26,805</u>	<u>(45,457)</u>	<u>-</u>	<u>-</u>	<u>(516)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(17,964)</u>	<u>(38,988)</u>	<u>986</u>	<u>26,805</u>	<u>(45,457)</u>	<u>-</u>	<u>-</u>	<u>(516)</u>
Cash and investments - ending	<u>\$ 7,509</u>	<u>\$ (73,788)</u>	<u>\$ 5,921</u>	<u>\$ 55,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014  
 (Continued)

	High Ability FY2012	High Ability FY2013	School Technology	Excellence in Performance Grant	Title I FY 2013	Title I FY 2014	Title I FY 2012	Title I Part D FY 2014
Cash and investments - beginning	\$ 8,615	\$ -	\$ 11,822	\$ -	\$ -	\$ -	\$ (35,816)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	33,767	10,996	-	-	-	-	-
Federal sources	-	-	-	-	411,918	-	64,723	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	33,767	10,996	-	411,918	-	64,723	-
Disbursements:								
Instruction	8,615	26,206	-	-	384,500	-	26,557	-
Support services	-	-	22,817	-	134,334	-	76,292	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	8,615	26,206	22,817	-	518,834	-	102,849	-
Excess (deficiency) of receipts over disbursements	(8,615)	7,561	(11,821)	-	(106,916)	-	(38,126)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	67,714	-	73,942	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	67,714	-	73,942	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,615)	7,561	(11,821)	-	(39,202)	-	35,816	-
Cash and investments - ending	\$ -	\$ 7,561	\$ 1	\$ -	\$ (39,202)	\$ -	\$ -	\$ -

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, 2014  
 (Continued)

	Title I Part D FY 2012	Title I Part D FY 2013	Special Education FY 2013	Special Education FY 2014	Special Education FY 2012	Special Education Improvement Award	Special Education Pass-Thru	Preschool Pass-Thru
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (82,788)	\$ (45,663)	\$ 186,032	\$ 4,117
Receipts:								
Local sources	-	-	375,482	-	242,012	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	10,099	8,888	-	-	-	69,287	2,567,151	108,376
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>10,099</u>	<u>8,888</u>	<u>375,482</u>	<u>-</u>	<u>242,012</u>	<u>69,287</u>	<u>2,567,151</u>	<u>108,376</u>
Disbursements:								
Instruction	10,099	9,288	303,406	-	76,765	22,281	2,753,183	112,493
Support services	-	-	116,636	-	82,581	1,343	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>10,099</u>	<u>9,288</u>	<u>420,042</u>	<u>-</u>	<u>159,346</u>	<u>23,624</u>	<u>2,753,183</u>	<u>112,493</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(400)</u>	<u>(44,560)</u>	<u>-</u>	<u>82,666</u>	<u>45,663</u>	<u>(186,032)</u>	<u>(4,117)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(400)</u>	<u>(44,560)</u>	<u>-</u>	<u>82,666</u>	<u>45,663</u>	<u>(186,032)</u>	<u>(4,117)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (400)</u>	<u>\$ (44,560)</u>	<u>\$ -</u>	<u>\$ (122)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014  
 (Continued)

	Technology Assistance Grant	Title II Part A FY 2011	Title II Part A FY 2012	Title II Part A FY 2013	Public Charter School ESEA Title X, Part C	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (24,461)	\$ -	\$ -	\$ -	\$ 224,687	\$ 5,996,936
Receipts:							
Local sources	29,067	-	-	-	-	-	4,883,721
Intermediate sources	-	-	-	-	-	-	4
State sources	-	-	-	-	-	-	16,085,294
Federal sources	-	24,461	73,942	67,714	47,326	-	4,204,733
Other receipts	-	-	-	-	-	12,068,972	12,212,203
Total receipts	29,067	24,461	73,942	67,714	47,326	12,068,972	37,385,955
Disbursements:							
Instruction	1,673	-	-	-	47,326	-	13,761,160
Support services	27,825	-	-	-	-	-	7,780,778
Noninstructional services	-	-	-	-	-	-	1,396,215
Facilities acquisition and construction	-	-	-	-	-	-	770,553
Debt services	-	-	-	-	-	-	1,446,176
Nonprogrammed charges	-	-	-	-	-	12,169,383	12,169,383
Total disbursements	29,498	-	-	-	47,326	12,169,383	37,324,265
Excess (deficiency) of receipts over disbursements	(431)	24,461	73,942	67,714	-	(100,411)	61,690
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	141,656
Transfers out	-	-	(73,942)	(67,714)	-	-	(141,656)
Total other financing sources (uses)	-	-	(73,942)	(67,714)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(431)	24,461	-	-	-	(100,411)	61,690
Cash and investments - ending	\$ (431)	\$ -	\$ -	\$ -	\$ -	\$ 124,276	\$ 6,058,626

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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	School Lunch
Cash and investments - beginning	\$ 4,753,707	\$ 539,423	\$ 139,317	\$ 16,357	\$ 71,512	\$ 112,856	\$ -	\$ 383,502
Receipts:								
Local sources	175,166	1,204,308	126,270	1,008,609	642,138	131,555	-	332,005
Intermediate sources	3	-	-	-	-	-	-	-
State sources	16,392,081	-	-	-	-	-	-	21,815
Federal sources	-	-	-	-	-	-	-	894,468
Other receipts	324,755	8,473	-	-	1,367	-	-	-
Total receipts	<u>16,892,005</u>	<u>1,212,781</u>	<u>126,270</u>	<u>1,008,609</u>	<u>643,505</u>	<u>131,555</u>	<u>-</u>	<u>1,248,288</u>
Disbursements:								
Instruction	10,624,151	-	-	-	-	-	-	-
Support services	5,996,132	-	-	452,267	660,923	80,517	-	440
Noninstructional services	220,874	-	-	-	-	-	-	1,199,896
Facilities acquisition and construction	237,182	-	-	513,015	-	-	-	-
Debt services	-	1,170,310	264,273	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>17,078,339</u>	<u>1,170,310</u>	<u>264,273</u>	<u>965,282</u>	<u>660,923</u>	<u>80,517</u>	<u>-</u>	<u>1,200,336</u>
Excess (deficiency) of receipts over disbursements	<u>(186,334)</u>	<u>42,471</u>	<u>(138,003)</u>	<u>43,327</u>	<u>(17,418)</u>	<u>51,038</u>	<u>-</u>	<u>47,952</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	20,000	-
Transfers in	-	372	92	22,761	-	-	-	-
Transfers out	-	-	-	-	(143)	(23,082)	-	-
Total other financing sources (uses)	<u>-</u>	<u>372</u>	<u>92</u>	<u>22,761</u>	<u>(143)</u>	<u>(23,082)</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(186,334)</u>	<u>42,843</u>	<u>(137,911)</u>	<u>66,088</u>	<u>(17,561)</u>	<u>27,956</u>	<u>20,000</u>	<u>47,952</u>
Cash and investments - ending	<u>\$ 4,567,373</u>	<u>\$ 582,266</u>	<u>\$ 1,406</u>	<u>\$ 82,445</u>	<u>\$ 53,951</u>	<u>\$ 140,812</u>	<u>\$ 20,000</u>	<u>\$ 431,454</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, 2015  
 (Continued)

	Textbook Rental	Joint Services and Supply - Special Education Cooperative	County Cooperative Special Programs	Readiness Program	Ole Miss Tutoring	Alternative Education	Community Foundation Grant	POS Behavior Reward Middle School
Cash and investments - beginning	\$ 7,509	\$ (73,788)	\$ 5,921	\$ 55,187	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	27,555	413,848	25	76,422	-	-	20,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	55,430	-	1,876	-	-	14,807	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	5,400	-	-	-	-	-	-
Total receipts	82,985	419,248	1,901	76,422	-	14,807	20,000	-
Disbursements:								
Instruction	-	93,159	6,665	116,737	-	-	-	-
Support services	1,789	374,248	-	-	-	604	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,789	467,407	6,665	116,737	-	604	-	-
Excess (deficiency) of receipts over disbursements	81,196	(48,159)	(4,764)	(40,315)	-	14,203	20,000	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	81,196	(48,159)	(4,764)	(40,315)	-	14,203	20,000	-
Cash and investments - ending	\$ 88,705	\$ (121,947)	\$ 1,157	\$ 14,872	\$ -	\$ 14,203	\$ 20,000	\$ -

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, 2015  
 (Continued)

	High Ability FY2012	High Ability FY2013	School Technology	Excellence in Performance Grant	Title I FY 2013	Title I FY 2014	Title I FY 2012	Title I Part D FY 2014
Cash and investments - beginning	\$ -	\$ 7,561	\$ 1	\$ -	\$ (39,202)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	34,261	3,669	24,474	-	-	-	-
Federal sources	-	-	-	-	63,676	338,879	-	3,625
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	34,261	3,669	24,474	63,676	338,879	-	3,625
Disbursements:								
Instruction	-	32,354	-	-	13,749	413,220	-	3,625
Support services	-	-	3,626	24,474	10,725	31,347	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	32,354	3,626	24,474	24,474	444,567	-	3,625
Excess (deficiency) of receipts over disbursements	-	1,907	43	-	39,202	(105,688)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	70,084	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	70,084	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,907	43	-	39,202	(35,604)	-	-
Cash and investments - ending	\$ -	\$ 9,468	\$ 44	\$ -	\$ -	\$ (35,604)	\$ -	\$ -

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, 2015  
 (Continued)

	Title I Part D FY 2012	Title I Part D FY 2013	Special Education FY 2013	Special Education FY 2014	Special Education FY 2012	Special Education Improvement Award	Special Education Pass-Thru	Preschool Pass-Thru
Cash and investments - beginning	\$ -	\$ (400)	\$ (44,560)	\$ -	\$ (122)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	180,685	425,890	122	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	475	-	-	-	-	2,465,565	108,528
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	475	180,685	425,890	122	-	2,465,565	108,528
Disbursements:								
Instruction	-	75	90,029	363,224	-	-	2,465,565	108,528
Support services	-	-	46,096	116,732	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	75	136,125	479,956	-	-	2,465,565	108,528
Excess (deficiency) of receipts over disbursements	-	400	44,560	(54,066)	122	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	400	44,560	(54,066)	122	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (54,066)	\$ -	\$ -	\$ -	\$ -

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, 2015  
 (Continued)

	Technology Assistance Grant	Title II Part A FY 2011	Title II Part A FY 2012	Title II Part A FY 2013	Public Charter School ESEA Title X, Part C	Payroll Clearing	Totals
Cash and investments - beginning	\$ (431)	\$ -	\$ -	\$ -	\$ -	\$ 124,276	\$ 6,058,626
Receipts:							
Local sources	26,472	-	-	-	-	-	4,791,070
Intermediate sources	-	-	-	-	-	-	3
State sources	-	-	-	-	-	-	16,548,413
Federal sources	-	-	-	70,084	50,479	-	3,995,779
Other receipts	-	-	-	-	-	4,193,494	4,533,489
Total receipts	<u>26,472</u>	<u>-</u>	<u>-</u>	<u>70,084</u>	<u>50,479</u>	<u>4,193,494</u>	<u>29,868,754</u>
Disbursements:							
Instruction	69	-	-	-	50,479	-	14,381,629
Support services	25,972	-	-	-	-	-	7,825,892
Noninstructional services	-	-	-	-	-	-	1,420,770
Facilities acquisition and construction	-	-	-	-	-	-	750,197
Debt services	-	-	-	-	-	-	1,434,583
Nonprogrammed charges	-	-	-	-	-	4,072,268	4,072,268
Total disbursements	<u>26,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,479</u>	<u>4,072,268</u>	<u>29,885,339</u>
Excess (deficiency) of receipts over disbursements	<u>431</u>	<u>-</u>	<u>-</u>	<u>70,084</u>	<u>-</u>	<u>121,226</u>	<u>(16,585)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	20,000
Transfers in	-	-	-	-	-	-	93,309
Transfers out	-	-	-	(70,084)	-	-	(93,309)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,084)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,226</u>	<u>3,415</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,502</u>	<u>\$ 6,062,041</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2015

<u>Government</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 780,171</u>	<u>\$ 89,671</u>

MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Mississinewa Middle School Building Coproration	R.J. Basket Middle School renovations	\$ 36,500	06/30/2001	06/30/2026
Mississinewa Middle School Building Coproration	HS Auxiliary Gym and NV Kitchen Expansion	38,500	06/30/2011	06/30/2026
Apple Financial Services	Student and Teacher Macbooks	439,375	03/17/2015	03/17/2018
US Bank	Phone System and Equipment	31,624	09/01/2014	08/01/2019
US Bank	Copiers	<u>37,166</u>	09/01/2014	08/01/2017
Total of annual lease payments		<u>\$ 583,165</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Tax anticipation warrants	HighSchool Renovation	\$ 900,000	\$ 118,000
Tax anticipation warrants	Elementary School Renovation	4,386,917	224,700
Tax anticipation warrants	Elementary School Renovation	<u>3,724,770</u>	<u>190,784</u>
Totals		<u>\$ 9,011,687</u>	<u>\$ 533,484</u>

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MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2015

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
Buildings	29,275,054
Improvements other than buildings	1,982,371
Machinery, equipment, and vehicles	2,399,713
Construction in progress	3,500,000
 Total capital assets	 \$ 37,286,188

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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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 *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013 to June 30, 2015.

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 OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004, 2015-005, 2015-006, and 2015-007. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

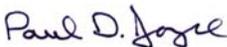
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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MISSISSINEWA COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015

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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2013-14, FY 2014-15	\$ -	\$ 104,783	\$ -	\$ 138,243
National School Lunch Program	Indiana Department of Education	10.555	FY 2013-14, FY 2014-15	-	697,133	-	822,514
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2013-14, FY 2014-15	-	32,439	-	28,519
Total - Child Nutrition Cluster				-	834,355	-	989,276
Total - Department of Agriculture				-	834,355	-	989,276
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027	14213-021-PN01	-	242,012	-	124
			A58-3-13DL-1439	-	69,287	-	-
			14214-021-PN01	-	375,482	-	180,685
			99914-021-PN01	-	5,763	-	7,314
			14215-021-PN01	-	-	-	425,890
Total - Special Education_Grants to States				-	692,544	-	614,013
Special Education_Preschool Grants	Indiana Department of Education	84.173	45713-021-PN01	-	11,833	-	-
			45714-021-PN01	-	9,995	-	12,780
			45715-021-PN01	-	-	-	4,992
Total - Special Education_Preschool Grants				-	21,828	-	17,772
Total - Special Education Cluster (IDEA)				-	714,372	-	631,785
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	13-2855	-	148,763	-	-
			14-2855	-	488,520	-	64,151
			15-2855	-	-	-	412,588
Total - Title I Grants to Local Educational Agencies				-	637,283	-	476,739
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	P.L. 107-110 FY 2013	-	24,461	-	-
Rural Education	Indiana Department of Education	84.358	14-2855	-	47,326	-	-
			16-2855	-	-	-	50,479
Total - Rural Education				-	47,326	-	50,479
Total - Department of Education				-	1,423,442	-	1,159,003
Total federal awards expended				\$ -	\$ 2,257,797	\$ -	\$ 2,148,279

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, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 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-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 3. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2015
National School Lunch Program	10.555	\$ 83,508	\$ 87,892

MISSISSINAWA 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 weaknesses 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
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*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 sole person responsible for preparing and submitting the SEFA with no oversight in place.

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

Total federal expenditures for fiscal years 2014 and 2015 were understated by \$820,263 and overstated by \$28,516, respectively. Net expenditures were understated due to the omission of several Department of Education grants, including the Special Education Cluster (IDEA), Title I Grants to Local Educational Agencies, Improving Teacher Quality State Grants, and Rural Education. Additionally, there were the following errors: program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grants.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall 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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.

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

- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*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, misstatements, in addition to the errors identified, could have remained undetected.

*Views of Responsible Officials*

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

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

**FINDING 2015-002 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, PERIOD OF AVAILABILITY, AND REPORTING**

Federal Agency: Department of Education

Federal Program: Title I Grant to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-2855, 14-2855, 15-2855

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, and Reporting.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability*

The School Corporation had not established an effective control over the approval of payroll to ensure that only employees performing Title I activities were paid from the program.

*Reporting*

The School Corporation Treasurer prepared and submitted Final Expenditure Reports at the end of each grant year to the Indiana Department of Education with no oversight in place.

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

*Context*

Internal control issues were systemic, occurring 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. . . ."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2015-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY, PROGRAM INCOME, AND SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY**

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

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

*Condition*

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Program Income, and Special Tests and Provisions - Paid Lunch Equity.

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

The School Corporation had not established an effective control over the approval of payroll to ensure that only employees performing food service activities were paid from the programs.

*Eligibility*

The School Corporation had not established an effective control over the determination of eligibility for free and reduced price applications, each building principal was the sole person responsible for determining eligibility of applications filed.

*Program Income*

The School Corporation had not established an effective control over program income. The School Board approved meal prices, but no verification was made to determine that prices were properly charged.

*Special Tests and Provisions - Paid Lunch Equity*

Regarding the National School Lunch Program, the School Corporation had not established an effective control over paid lunch equity calculations. The Treasurer was the sole person responsible for the calculation of the paid lunch equity amounts.

*Context*

Internal control issues were systemic, occurring 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. . . ."

*Cause*

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

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

*Views of Responsible Officials*

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

***FINDING 2015-004 - 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 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation had not established an effective control over the Cash Management compliance requirement. The School Corporation Treasurer was the sole person responsible for monitoring the School Lunch fund cash balances with no oversight in place.

*Context*

The School Corporation maintained cash balances for 22 of 24 months that exceeded the average expenditures for 3 months.

*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. . . ."

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

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:

"Each school food authority approved to participate in the program 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 segregated key functions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

**FINDING 2015-005 - 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 2013-14, FY 2014-15

Pass-Through Entity: Indiana Department of Education

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

*Condition*

The School Corporation had not established an effective control over the Reporting compliance requirement. The Annual Financial Reports and the Sponsor Claims (claims for reimbursement) were prepared and submitted by the Treasurer with no oversight in place. The School Food Authority (SFA) Verification Collection Reports were prepared and submitted by the Director of Child Nutrition with no oversight in place.

*Context*

The meal count numbers entered into the Indiana Department of Education's (IDOE) system for the Sponsor Claims (claims for reimbursement) were not in agreement with supporting documentation for December 2013, November 2014, and April 2015. Daily Count and Deposit Reports generated by the School Corporation for these months indicated 126,082 meals were served, but the amount reported to the IDOE for the three months was 125,939, an understatement of 143 meals.

*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. . . ."

7 CFR 210.7(c) states in part:

"(c) *Reimbursement Limitations.* To be entitled to reimbursement under this part, each school food authority shall ensure that Claims for Reimbursement are limited to the number of free, reduced price and paid lunches and meal supplements that are served to children eligible for free, reduced price and paid lunches and meal supplements, respectively, for each day of operation.

(1) *Lunch Count System.* To ensure that the Claim for Reimbursement accurately reflects the number of lunches and meal supplements served to eligible children, the school food authority shall, at a minimum: . . .

(iii) Base claims for Reimbursement on lunch counts, taken at the point of service, which correctly identify the number of free, reduced price and paid lunches served to eligible children;

(iv) Correctly record, consolidate and report those lunch and supplement counts on the Claim for Reimbursement; and

(v) Ensure that Claims for Reimbursement not request payment for any excess lunches produced, as prohibited in §210.10(a)(2), or non-Program lunches (i.e., a la carte or adult lunches) or for more than one meal supplement per child per day. . . ."

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

7 CFR 210.8(a)(2) states:

"Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches."

2 CFR 220.11(b) states in part:

"Claims for Reimbursement shall include data in sufficient detail to justify the reimbursement claimed and to enable the State agency to provide the Reports of School Program Operations required under §220.13(b)(2). . . ."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

**FINDING 2015-006 - SPECIAL TESTS AND PROVISIONS - VERIFICATION  
OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)**

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 2013-2014, FY 2014-2015

Pass-Through Entity: Indiana Department of Education

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

*Condition*

The School Corporation had not established an effective control over Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

*Context*

There were no controls to ensure the determination of applications and the reviews conducted by the Director of Child Nutrition were accurate and correct. Additionally, verified applications for the fiscal year 2014 and supporting copies and correspondence were not maintained.

*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 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

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

*Effect*

The failure to maintain supporting documentation prevented the ability to identify if the School Corporation was in compliance with the requirements for Special Tests and Provisions - Verification of Free and Reduced Lunch Applications (NSLP).

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

*Views of Responsible Officials*

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

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

**FINDING 2015-007 - PROCUREMENT AND SUSPENSION AND DEBARMENT**

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015  
Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with Procurement and Suspension and Debarment. There were no controls in place to ensure that the School Corporation followed the required procedures for all applicable purchases.

*Context*

The School Corporation had not issued an invitation to bidders, evaluated bids, awarded bids, or approved the contracts for all milk procurements of the program. The School Corporation had not verified that vendors were not suspended or debarred.

*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. . . ."

7 CFR 3016.36 states in part:

"(b) *Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

2 CFR 180.300 Subpart C states:

". . . When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

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

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

AUDITEE-PREPARED DOCUMENT

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

## CORRECTIVE ACTION PLAN

### **FINDING 2015-001**

Contact Person Responsible for Corrective Action: Jill Townsend

Contact Phone Number: 765-674-8528

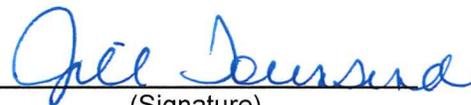
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Treasurer has received instruction from the auditor on how to complete this form as the SBOA would like it done. Once expenses and receipts are entered, the treasurer will have the deputy treasurer check the accuracy of the financial information and sign off that she has checked it.

The schedule will:

1. List individual federal programs by federal agency;
2. For federal awards received as the sub recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
3. Provide total Federal awards expended for each individual Federal program and the CFDA number;
4. Include notes that describe the significant accounting policies used in preparing the schedule;
5. To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub recipients from each Federal program.
6. Include the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year and loans or loan guarantees outstanding at year end.

Anticipated Completion Date: July 1, 2016

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

June 29, 2016  
\_\_\_\_\_  
(Date)

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JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## CORRECTIVE ACTION PLAN

### **FINDING 2015-002**

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: Payroll personnel will give a list monthly to Title I director and Treasurer to ensure proper personnel is being paid from the Title I Grant.

Upon completion of the Title I final report, the Treasurer will submit to Deputy Treasurer for accuracy of financial data.

Anticipated Completion Date: July 1, 2016

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

\_\_\_\_\_  
June 29, 2016  
(Date)

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JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## CORRECTIVE ACTION PLAN

### **FINDING 2015-003**

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: Payroll personnel will give a list monthly to Child Nutrition Director and Treasurer to ensure proper personnel is being paid from the Child Nutrition Grant.

Child Nutrition Director will check free/reduced applications for accuracy of income and eligibility of free/reduced meals.

Child Nutrition Director will calculate Paid Lunch Equity test and the Treasurer will check for accuracy.

Anticipated Completion Date: July 1, 2016

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

June 29, 2016  
\_\_\_\_\_  
(Date)

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JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## CORRECTIVE ACTION PLAN

### **FINDING 2015-004**

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: Treasurer, along with Child Nutrition Director will check Child Nutrition fund balance monthly for accuracy.

Child Nutrition Director and Treasurer will check to ensure child nutrition fund is not in excess of a three month average expenditure requirement.

Anticipated Completion Date: July 1, 2016

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

June 29, 2016  
(Date)

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JILL S. TOWNSEND, DIRECTOR OF BUSINESS AFFAIRS

## CORRECTIVE ACTION PLAN

### **FINDING 2015-005**

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: Child Nutrition Director will prepare the Annual Financial report and the claim summary. These reports will be checked for accuracy by the Treasurer.

Anticipated Completion Date: June 1, 2016

  
(Signature)

  
(Title)

June 29, 2016  
(Date)

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## CORRECTIVE ACTION PLAN

### **FINDING 2015-006**

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

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Child Nutrition Director will enter free/reduced applications into our Meal Magic software system for eligibility. Secretary will randomly check for cause and income as an internal control. Child Nutrition Director will maintain supporting copies and correspondence in grant file.

Anticipated Completion Date: July 1, 2016

Jill Townsend  
(Signature)

Business Mgr  
(Title)

June 29, 2016  
(Date)

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## CORRECTIVE ACTION PLAN

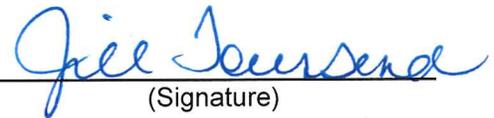
### **FINDING 2015-007**

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

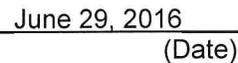
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Child Nutrition Director will follow the purchasing policy 6320 which states that we will seek three bids for contracts and purchases exceeding \$50,000. This amount was changed to \$25,000 when policy 6320 was adopted by the Board effective 7/1/2015.

Anticipated Completion Date: July 1, 2016

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

#### OTHER REPORTS

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