

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

**Paul D. Joyce, CPA
State Examiner**

FEDERAL COMPLIANCE AUDIT REPORT

OF

MISSISSINEWA COMMUNITY SCHOOL CORPORATION

GRANT COUNTY, INDIANA

July 1, 2023 to June 30, 2025



FILED

02/17/2026

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jill Townsend	07-01-23 to 06-30-26
Superintendent of Schools	Lezlie Winter	07-01-23 to 06-30-24
	Jeremy Fewell	07-01-24 to 06-30-26
President of the School Board	Wayne Gaskin	01-01-23 to 12-31-24
	Denny Smith	01-01-25 to 12-31-26



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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), for the period of July 1, 2023 to June 30, 2025, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated January 29, 2026, 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002, that we consider 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)

Report on 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 items 2025-001 and 2025-002.

Mississinewa Community School Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

January 29, 2026



Paul D. Joyce, CPA
State Examiner

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mississinewa Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2023 to June 30, 2025. 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.

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, 2023 to June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

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, as described in the accompanying Schedule of Findings and Questioned Costs as item 2025-003, to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2025-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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

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

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

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2023 to June 30, 2025, and the related notes to the financial statement. We issued our report thereon dated January 29, 2026, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

January 29, 2026

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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



MISSISSINEWA COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2024 and 2025

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24	Passed Through to Subrecipient 06-30-25	Total Federal Awards Expended 06-30-25
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2023-2024	\$ -	\$ 310,694	\$ -	\$ -
School Breakfast Program			FY 2024-2025	-	-	-	591,079
Total - School Breakfast Program				-	310,694	-	591,079
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2023-2024	-	902,237	-	-
School Lunch Program			FY 2024-2025	-	-	-	1,326,906
After School Snack Program			FY 2023-2024	-	17,074	-	-
After School Snack Program			FY 2024-2025	-	-	-	24,917
Supply Chain Assistance			FY 2023-2024	-	77,328	-	-
Commodities			FY 2023-2024, FY 2024-2025	-	131,967	-	162,593
Total - National School Lunch Program				-	1,128,606	-	1,514,416
Summer Food Service Program for Children							
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY 2023-2024	-	35,712	-	-
Summer Food Service Program for Children			FY 2024-2025	-	-	-	20,651
Total - Summer Food Service Program for Children				-	35,712	-	20,651
Fresh Fruit and Vegetable Program							
Fresh Fruits and Vegetables	Indiana Department of Education	10.582					
			FY 2024-2025	-	-	-	18,771
Total - Child Nutrition Cluster				-	1,475,012	-	2,144,917
Total - Department of Agriculture				-	1,475,012	-	2,144,917
<u>Department of Education</u>							
Special Education Cluster(IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed Paraprofessional Training Grant			H027A230084	-	-	-	7,728
Special Ed Part B 2022-2023			23611-019-PN01	-	135,477	-	-
Special Ed Part B 2023-2024			24611-019-PN01	-	461,491	-	204,655
Special Ed Part B 2024-2025			25611-019-PN01	-	-	-	498,572
Subtotal - Special Education Grants to States				-	596,968	-	710,955
COVID-19 - Special Education Grants to States							
ARP Sped 611	Indiana Department of Education	84.027X					
			22611-019-ARP	-	20,067	-	-
Total - Special Education Grants to States				-	617,035	-	710,955

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2024 and 2025

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24	Passed Through to Subrecipient 06-30-25	Total Federal Awards Expended 06-30-25
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Ed Preschool 2021-2022			22619-019-PN01	-	2,582	-	-
Sped Preschool 2022-2023			23619-019-PN01	-	12,692	-	-
Special Ed Preschool 2023-2024			24619-019-PN01	-	3,153	-	22,660
Special Ed Preschool 2024-2025			25619-019-PN01	-	-	-	1,864
Subtotal - Special Education Preschool Grants				-	18,427	-	24,524
COVID-19 - Special Education Preschool Grants ARP Sped 619 (Preschool)	Indiana Department of Education	84.173X	22619-019-ARP	-	11,023	-	-
Total - Special Education Preschool Grants				-	29,450	-	24,524
Total - Special Education Cluster(IDEA)				-	646,485	-	735,479
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I A 2022-2023			S010A220014	-	89,044	-	-
Title I A 2023-2024			S010A230014	-	352,561	-	92,233
Title I A 2024-2025			S010A240014	-	-	-	361,313
Total - Title I Grants to Local Educational Agencies				-	441,605	-	453,546
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287					
21st CCLC 2022-2023			S287C220014	-	23,923	-	-
21st CCLC 2023-2024			S287C220014	-	228,388	-	-
21st CCLC 2023-2024			S287C230014	-	-	-	21,612
21st CCLC 2024-2025			S287C240014	-	-	-	224,456
Total - Twenty-First Century Community Learning Centers				-	252,311	-	246,068
Rural Education	Indiana Department of Education	84.358					
Rural Low Income 2024-2025			S358B240014	-	-	-	71,361
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title 2A 2022-2023			S367A220013	-	6,389	-	-
Title 2A 2023-2024			S367A230013	-	72,347	-	-
Title II A 2024-2025			S367A240013	-	-	-	80,606
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	78,736	-	80,606

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2024 and 2025

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-24	Total Federal Awards Expended 06-30-24	Passed Through to Subrecipient 06-30-25	Total Federal Awards Expended 06-30-25
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
Title IV A 2021-22			S424A210015	-	3,330	-	-
Title IV A 2022-23			S424A220015	-	9,926	-	-
Title IV A 2023-24			S424A230015	-	21,530	-	5,442
Title IV A 2024-25			S424A240015	-	-	-	27,902
Total - Student Support and Academic Enrichment Program				-	34,786	-	33,344
COVID-19 - Education Stabilization Fund	Indiana Department of Education						
3E Grant		84.425U	S425U210013	-	482,547	-	-
3E Sub Grant - Ivy Tech		84.425U	S425U210013	-	32,756	-	117,744
3E Sub Grant - Ivy Tech		84.425U	S425U210013	-	-	-	26,244
ESSER III		84.425D	S425D200013	-	2,188,172	-	-
ESSER II		84.425D	S425D200013	-	204,143	-	-
ESII Employability Skills Innovation & Implementation Grant		84.425D	S425D210013	-	48,667	-	-
ARP HCY II		84.425W	S425W210015	-	21,833	-	-
Total - COVID-19 - Education Stabilization Fund				-	2,978,118	-	143,988
Total - Department of Education				-	4,432,041	-	1,764,392
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Federal Medicaid			Medicaid 2023-24	-	127,070	-	-
Federal Medicaid			Medicaid 2024-25	-	-	-	161,331
Total - Medical Assistance Program				-	127,070	-	161,331
Total - Medicaid Cluster				-	127,070	-	161,331
Total - Department of Health and Human Services				-	127,070	-	161,331
Total federal awards expended				\$ -	\$ 6,034,123	\$ -	\$ 4,070,640

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. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the School Corporation under programs of the federal government for the years ended June 30, 2024 and 2025. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance for awards prior to October 1, 2024, nor the de minimis indirect cost rate of up to 15 percent allowed under the Uniform Guidance for awards on or after October 1, 2024.

Note 3. Grant County Special Education Cooperative

The School Corporation is a member of the Grant County Special Education Cooperative. This activity is reported on the SEFAs of the member school corporations, as appropriate.

MISSISSINEWA COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material 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?	yes
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

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

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

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

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

FINDING 2025-001

Subject: Internal Controls over Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

A similar finding appeared in the immediately prior audit report. The prior audit finding number was 2023-001.

Condition and Context

There was a lack of segregation of duties in the internal control system of the School Corporation related to receipts and financial close and reporting.

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

Receipts

One employee received and receipted revenue, posted to the ledger, deposited it at the bank, and also reconciled the fund to the bank account each month.

Financial Close and Reporting

Receipts and disbursements reported in the financial statement for fiscal year 2023-2024 included the purchase and sale of a total monies CD investment, which caused an overstatement of \$6,000,000 to both receipts and disbursements.

Criteria

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

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

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

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

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

"Management remediates identified issues. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

For receipts, management of the School Corporation was not aware that the internal controls that it had established did not allow for proper segregation of duties

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

For financial close and reporting, the School Corporation included the investment fund in the information submitted to the Indiana Gateway for Government Units financial reporting system in error.

Effect

Without a proper system of internal controls in place that operated effectively, misstatements of receipts and disbursements remained undetected.

Views of Responsible Officials

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

FINDING 2025-002

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

Condition and Context

The School Corporation had not established effective internal controls over the Schedule of Expenditures of Federal Awards (SEFA).

Although the information was gathered and entered by one employee, and another employee reviewed the information prior to submission, the review process was not effective and did not detect and allow for a correction of the errors prior to submission.

During the audit of the SEFA, we noted the following errors:

- The Child Nutrition Cluster (ALN 10.553) omitted the supply chain and after school snacks amounts for fiscal year 2023-2024 along with omitting some of the commodities in both 2023-2024 and 2024-2025, causing an understatement of \$179,811 in 2023-2024 and \$61,295 in 2024-2025.
- Title I (ALN 84.010) included a miscalculation, causing an overstatement in 2023-2024 of \$30,000.
- The Medicaid Cluster was reported as an advanced grant when it should have been reported as a reimbursement grant, causing an understatement of \$42,912 in 2023-2024 and \$32,106 in 2024-2025.
- Additionally, some program names, pass-through entities, Assistance Listings Numbers, and identifying numbers were omitted from the SEFA.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . ."

- Accurate and timely recording of transactions. . . ."

"Management remediates identified issues. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.

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- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

Cause

The School Corporation established a system of internal controls that was not sufficient to ensure proper reporting of the SEFA because of the Official's lack of familiarity and experience with reporting federal grants.

Effect

Without a proper system of internal controls that operated effectively, material misstatements of the SEFA occurred and went undetected by management of the School Corporation.

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 2025-003

Subject: Child Nutrition Cluster - Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, Fresh Fruit and Vegetable Program
Assistance Listings Numbers: 10.553, 10.555, 10.559, 10.582
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2023-2024, FY 2024-2025
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Material Weakness

Condition and Context

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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(Continued)

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

Cause

Management was not aware of the need to establish an effective system of internal controls that would ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system could enable material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement could result in the loss of future federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation establish and implement proper internal controls over process for verifying that vendors are not suspended or debarred to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2025-004

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, Fresh Fruit and Vegetable Program
Assistance Listings Numbers: 10.553, 10.555, 10.559, 10.582
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2023-2024, FY 2024-2025
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Condition and Context

The School Corporation did not have documented internal controls in place over the monthly reimbursement claim process for the audit period.

The lack of evidence for internal controls was a systemic issue throughout the audit period.

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Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management was unaware of the requirements and had not established an effective system of internal controls that would ensure compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation establish and implement proper internal controls over the monthly reimbursement claim process to ensure compliance with the Reporting compliance requirement.

Views of Responsible Officials

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



AUDITEE-PREPARED DOCUMENTS

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

MISSISSINEWA COMMUNITY SCHOOLS

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OFFICE OF

JEREMY FEWELL, SUPERINTENDENT
STEVE QUADERER, ASSISTANT SUPERINTENDENT
JILL TOWNSEND, ASSISTANT SUPERINTENDENT OF
FINANCE AND HUMAN RESOURCES

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2023-001

Fiscal year in which the finding initially occurred: July 1, 2021 - June 30, 2022

Current Audit Period: July 1, 2023- June 30, 2025

Finding Subject: Preparation of the Annual Financial Report

Status of Audit Finding: Partially Corrected

Response Comments: The AFR balances are now triple checked, first by the grant manager, then by the Assistant Superintendent and lastly, the Superintendent. For the 2024 AFR, although the Prepaid Meals fund activity and the Payroll Clearing fund activity were added, it was unknown to me that the balances needed adjusted from the FY23 audit. They were corrected on FY 25 AFR. Going forward, these figures have been corrected.

The Grant manager will prepare the initial SEFA against the Fund balances. Either an upload is prepared or the SEFA will be corrected manually. The CFO will check both the SEFA and the Fund balances. The CFO will manage the fund balances for the prepaid activity and the payroll clearing activity with the Child Nutrition Director or the Payroll Manager. A final check will be done by the superintendent.

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CORRECTIVE ACTION PLAN

FINDING 2025-001

Finding Subject: Internal Controls over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action:

Jill Townsend

Contact Phone Number and Email Address:

765-674-8528

jilltownsend@olemiss.k12.in.us

Views of Responsible Officials:

We Concur with the Finding

Description of Corrective Action Plan:

We agree that there was a lack of segregation of duties in the internal control system of the School Corporation related to financial transactions and reporting. Those who receive and receipt revenue will not take the money to the bank to be deposited. A different employee will deposit the funds.

We agree that there was an overstatement of \$6,000,000 in the Receipts and Disbursements in Fiscal Year 2024. Any monies invested in CD's will not be reported on the financial statements. The financial officer will make a manual entry on the financial statement to remove the renewal reporting of the CD.

Anticipated Completion Date:

This control will be implemented immediately

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CORRECTIVE ACTION PLAN

FINDING 2025-002

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action:

Jill Townsend

Contact Phone Number and Email Address:

765-674-8528

jilltownsend@olemiss.k12.in.us

Views of Responsible Officials:

We concur with the finding that an effective internal control should be established over the SEFA to detect and allow for a corrections of the errors prior to submission.

Description of Corrective Action Plan:

The errors in the SEFA are understood by the Assistant Superintendent of Finance and HR. Corrective action will be taken on the next SEFA. The SEFA will be checked by the Assistant Superintendent for accuracy of the person gathering the information.

Anticipated Completion Date:

Corrective Action will be completed immediately

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CORRECTIVE ACTION PLAN

FINDING 2025-003

Finding Subject: Child Nutrition Cluster-Suspension and Debarment

Contact Person Responsible for Corrective Action: Greg Miller, Food Service Director

Contact Phone Number and Email Address: 424 East South A Street. Gas City, IN 46933 (765)-677-4423

Views of Responsible Officials:

Mississinewa Community School Corporation concurs with the finding 2025-003.

Description of Corrective Action Plan:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Corrective Action:

Internal Controls regarding Procurement and Suspension and Debarment will be implemented to maintain reasonable assurance of compliance with the Procurement and Suspension and Debarment by requiring the Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Form as part of the procurement process. Once returned with the RFQ/RFP (request for quote or proposal), the Food Service Director will review with the Business Manager for approval, including both signatures. Additionally, the Business Manager will look up all vendors on the pre-approved Suspension and Debarment vendor website, and those results will be shared with the Food Service Director before the procurement process. All completed forms will be filed with the Business Manager. In addition, CN Director will provide a template letter to the vendor stating that they have not been suspended or debarred from procurement with federal entities. Vendor will be asked to sign the letter and return to the Food Service Director to keep on file at Mississinewa Community Schools.

Anticipated Completion Date:

January 23, 2026.

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CORRECTIVE ACTION PLAN

FINDING 2025-004

Finding Subject: Child Nutrition Cluster-Reporting

Contact Person Responsible for Corrective Action: Greg Miller, Food Service Director
Contact Phone Number and Email Address: 424 East South A Street, Gas City, IN 46933 (765)-677-4423

Views of Responsible Officials:

Mississinewa Community School Corporation concurs with the finding 2025-004.

Description of Corrective Action Plan:

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the monthly reimbursement claim process for the audit period.

Corrective Action:

Internal Controls regarding the monthly reimbursement claim process will be implemented to be completed each month. The High School Kitchen Manager, along with the Food Service Director, will review the sale reports, attendance factor, and edit checks to calculate the total claim count for each federal program. The Manager and Food Service Director will approve and sign the total meal counts to claim prior to entering data into the CNP website.

Anticipated Completion Date:

January 31, 2026.

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/>.