

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

UNION-NORTH UNITED SCHOOL CORPORATION
ST. JOSEPH COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
03/31/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debra L. Rubesha Valerie M. Gillespie	07-01-11 to 05-31-12 06-01-12 to 06-30-14
Superintendent of Schools	Terry Barker Julie Lauck (Interim) Mitchell D. Mawhorter	07-01-11 to 10-03-11 10-04-11 to 12-31-11 01-01-12 to 06-30-14
President of the School Board	Mark Dickison Michael L. Berger	01-01-11 to 12-31-11 01-01-12 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE UNION-NORTH UNITED SCHOOL CORPORATION, ST. JOSEPH COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Union-North United School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

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, 2011 to June 30, 2013.

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, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2014, 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.

Accompanying Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

Other Information

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.


Paul D. Joyce, CPA
State Examiner

February 13, 2014



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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 UNION-NORTH UNITED SCHOOL
CORPORATION, ST. JOSEPH 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 Union-North United School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated February 13, 2014, 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 2013-001 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

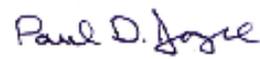
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 2013-001.

Union-North United School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and 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

February 13, 2014

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FINANCIAL STATEMENT

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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UNION-NORTH UNITED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ (142,946)	\$ 7,652,114	\$ 6,841,424	\$ (746,224)	\$ (78,480)	\$ 7,299,608	\$ 7,370,050	\$ 88,047	\$ (60,875)
Debt Service	(372)	1,309,436	1,053,369	-	255,695	1,436,120	1,402,971	-	288,844
Exempt Retirement/Severance Bond Debt Reserve	19,978	165,401	171,369	-	14,010	179,574	176,629	-	16,955
Capital Projects	229,559	1,142,665	1,150,457	250	222,017	702,491	1,095,930	102,728	(68,694)
School Transportation	2,815	697,123	799,248	-	(99,310)	765,426	769,212	-	(103,096)
School Bus Replacement	69,343	152,361	-	(200,000)	21,704	35,260	-	-	56,964
Rainy Day	(43,353)	210,000	993,601	1,071,620	244,666	-	60,000	-	184,666
Post-Retirement/Severance Future Benefits	170,134	-	21,275	-	148,859	-	47,495	-	101,364
Series 2010A Const. Acct.H.S.	466,452	-	302,087	-	164,365	-	161,304	-	3,061
Series 2010B Const. Acct-Elem	479,675	-	378,518	-	101,157	-	110,605	-	(9,448)
Series 2012 Bond	-	-	-	-	-	-	432,697	1,284,274	851,577
New Drive Project	-	100,000	-	(100,000)	-	-	-	-	-
School Lunch	99,847	589,842	525,487	-	164,202	580,175	541,222	-	203,155
Textbook Rental	3,977	190,612	152,322	-	42,267	219,325	188,804	-	72,788
Levy Excess	-	-	-	-	-	1,877	-	-	1,877
Educational License Plates	38	188	150	-	76	150	226	-	-
2010/2011 Gifted and Talented	13,675	-	13,675	-	-	-	-	-	-
2011/2012 Gifted and Talented	-	29,030	22,740	-	6,290	-	6,327	-	(37)
2012/2013 Gifted and Talented	-	-	-	-	-	29,333	14,407	-	14,926
Medicaid Reimbursement	349	1,499	-	(1,272)	576	518	-	-	1,094
School Technology	-	6,576	4,932	-	1,644	5,187	-	-	6,831
Food for All Grant- 12/13	-	-	-	-	-	1,701	1,145	-	556
Cargill Grant 12/13	-	-	-	-	-	1,900	1,615	-	285
Excess PTRC Distributions	-	3,298	-	-	3,298	-	-	-	3,298
2012 Youth Livestock Grant	-	-	-	-	-	3,675	3,675	-	-
2013 Cargill Grant-Jazz	-	-	-	-	-	1,000	787	-	213
2012/13 Title I	-	-	-	-	-	125,458	137,506	-	(12,048)
Title I 2011/2012	-	156,233	139,599	-	16,634	-	24,691	-	(8,057)
2010-11 Title I Grant	2,184	(2,184)	-	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	268,450	273,608	-	(5,158)
Part B 619 Idea Grant 12/13	-	-	-	-	-	785	2,933	-	(2,148)
Drug Free 2009/2011	390	-	390	-	-	-	-	-	-
Vocational Perkins 2011/12	-	5,518	5,518	-	-	-	-	-	-
Medicaid Reimbursement - Federal	3,809	4,139	2,565	-	5,383	1,431	131	-	6,683
Improving Teaching Quality, No Child Left, Title II, Part A	(1,965)	3,981	2,016	-	-	-	-	-	-
Title II 2011/12 Part A Improv	-	33,851	38,959	-	(5,108)	-	8,948	-	(14,056)
Title II 2012/13 Part A Improv	-	-	-	-	-	29,099	33,423	-	(4,324)
Education Jobs	23,694	190,711	228,141	-	(13,736)	38,548	49,411	-	(24,599)
Prepaid Food Elementary	3,359	103,343	103,671	-	3,031	44,523	45,289	-	2,265
Prepaid Food Jr.-Sr. High School	1,330	172,557	171,740	-	2,147	85,479	84,991	-	2,635
Payroll Deductions	65,426	1,775,995	1,757,760	-	83,661	2,461,748	2,472,284	-	73,125
Totals	\$ 1,467,398	\$ 14,694,289	\$ 14,881,013	\$ 24,374	\$ 1,305,048	\$ 14,318,841	\$ 15,518,316	\$ 1,475,049	\$ 1,580,622

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

UNION-NORTH UNITED 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, 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 may 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.

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources 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 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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include 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 may 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.

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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 may 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.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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 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.

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, 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 an agent 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
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in 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
1 North Capital Street, 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. Some of the funds, such as the General Fund, Capital Projects Fund, and the School Transportation Fund, have been overdrawn in prior years due to the timing of the property tax distributions and expenses that have exceeded appropriations. The negative fund balance for the General Fund has carried over into the current report period. The Capital Projects Fund, School Transportation Fund, and Series 2010B Const. Acct-Elem Fund were overdrawn during the current report period. In addition, one state grant and seven federal grant funds were overdrawn during the current report period. The 2011/12 Gifted and Talented Fund, (IDEA, Part B) LEA Capacity Building (Sliver) Grants Fund, and Education Jobs Fund are overdrawn; no reimbursements are due on these grants. The 2012/13 Title I Fund,

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Title I 2011/2012 Fund, Part B 619 Idea Grant 12/13 Fund, Title II 2011/12 Part A Improv Fund, and Title II 2012/13 Part A Improv Fund have been overdrawn. This is a result of the funds being set up as reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by either June 30, 2012, and/or June 30, 2013.

Note 8. Restatements

For the year ended June 30, 2012, a change was made to the Textbook Rental beginning balance on the financial statement to more appropriately reflect the financial activity of the School Corporation. The reported balance as of June 30, 2011, was \$22,420. The actual balance reported, as of July 1, 2011, is \$3,977, resulting in a prior period adjustment of (\$18,443).

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Union-North United 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 2012 and 2013 totaled \$833,500 and \$834,000, respectively.

Note 10. Subsequent Events

The School Corporation closed on a 2013 General Obligation Bond on November 21, 2013. The proceeds received were \$1,585,000.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, 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.

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

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits	Series 2010A Const. Acct. H.S.
Cash and investments - beginning	\$ (142,946)	\$ (372)	\$ 19,978	\$ 229,559	\$ 2,815	\$ 69,343	\$ (43,353)	\$ 170,134	\$ 466,452
Receipts:									
Local sources	25,322	1,191,054	163,307	940,269	697,123	52,954	-	-	-
Intermediate sources	16	-	-	-	-	-	-	-	-
State sources	7,279,452	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	347,324	118,382	2,094	201,396	-	-	-	-	-
Interfund loans	-	-	-	-	-	99,407	210,000	-	-
Other	-	-	-	1,000	-	-	-	-	-
Total receipts	<u>7,652,114</u>	<u>1,309,436</u>	<u>165,401</u>	<u>1,142,665</u>	<u>697,123</u>	<u>152,361</u>	<u>210,000</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	4,096,054	-	-	-	-	-	771,620	-	-
Support services	2,182,095	-	-	873,191	799,248	-	-	21,275	252,739
Noninstructional services	143,496	-	-	-	-	-	-	-	-
Facilities acquisition and construction	10,372	-	-	277,266	-	-	-	-	49,348
Debt services	-	1,053,369	171,369	-	-	-	221,981	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	409,407	-	-	-	-	-	-	-	-
Total disbursements	<u>6,841,424</u>	<u>1,053,369</u>	<u>171,369</u>	<u>1,150,457</u>	<u>799,248</u>	<u>-</u>	<u>993,601</u>	<u>21,275</u>	<u>302,087</u>
Excess (deficiency) of receipts over disbursements	<u>810,690</u>	<u>256,067</u>	<u>(5,968)</u>	<u>(7,792)</u>	<u>(102,125)</u>	<u>152,361</u>	<u>(783,601)</u>	<u>(21,275)</u>	<u>(302,087)</u>
Other financing sources (uses):									
Sale of capital assets	24,124	-	-	250	-	-	-	-	-
Transfers in	1,272	-	-	-	-	-	1,071,620	-	-
Transfers out	<u>(771,620)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(746,224)</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>(200,000)</u>	<u>1,071,620</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>64,466</u>	<u>256,067</u>	<u>(5,968)</u>	<u>(7,542)</u>	<u>(102,125)</u>	<u>(47,639)</u>	<u>288,019</u>	<u>(21,275)</u>	<u>(302,087)</u>
Cash and investments - ending	<u>\$ (78,480)</u>	<u>\$ 255,695</u>	<u>\$ 14,010</u>	<u>\$ 222,017</u>	<u>\$ (99,310)</u>	<u>\$ 21,704</u>	<u>\$ 244,666</u>	<u>\$ 148,859</u>	<u>\$ 164,365</u>

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Series 2010B Const. Acct- Elem	Series 2012 Bond	New Drive Project	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	2010/2011 Gifted and Talented	2011/2012 Gifted and Talented
Cash and investments - beginning	\$ 479,675	\$ -	\$ -	\$ 99,847	\$ 3,977	\$ -	\$ 38	\$ 13,675	\$ -
Receipts:									
Local sources	-	-	-	287,121	146,143	-	-	-	-
Intermediate sources	-	-	-	-	-	-	188	-	-
State sources	-	-	-	5,733	42,305	-	-	-	29,030
Federal sources	-	-	-	296,638	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	100,000	-	-	-	-	-	-
Other	-	-	-	350	2,164	-	-	-	-
Total receipts	-	-	100,000	589,842	190,612	-	188	-	29,030
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	150	13,675	19,984
Support services	28,097	-	-	350	152,322	-	-	-	2,756
Noninstructional services	-	-	-	525,137	-	-	-	-	-
Facilities acquisition and construction	350,421	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	378,518	-	-	525,487	152,322	-	150	13,675	22,740
Excess (deficiency) of receipts over disbursements	(378,518)	-	100,000	64,355	38,290	-	38	(13,675)	6,290
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(100,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(100,000)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(378,518)	-	-	64,355	38,290	-	38	(13,675)	6,290
Cash and investments - ending	\$ 101,157	\$ -	\$ -	\$ 164,202	\$ 42,267	\$ -	\$ 76	\$ -	\$ 6,290

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	2012/2013 Gifted and Talented	Medicaid Reimbursement	School Technology	Food for All Grant- 12/13	Cargill Grant 12/13	Excess PTRC Distributions	2012 Youth Livestock Grant	2013 Cargill Grant- Jazz
Cash and investments - beginning	\$ -	\$ 349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	1,499	6,576	-	-	3,298	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	1,499	6,576	-	-	3,298	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	4,932	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,932	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	1,499	1,644	-	-	3,298	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(1,272)	-	-	-	-	-	-
Total other financing sources (uses)	-	(1,272)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	227	1,644	-	-	3,298	-	-
Cash and investments - ending	\$ -	\$ 576	\$ 1,644	\$ -	\$ -	\$ 3,298	\$ -	\$ -

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	2012/13 Title I	Title I 2011/2012	2010-11 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Part B 619 Idea Grant 12/13	Drug Free 2009/2011	Vocational Perkins 2011/12	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ -	\$ -	\$ 2,184	\$ -	\$ -	\$ 390	\$ -	\$ 3,809
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	156,233	(2,184)	-	-	-	5,518	4,139
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	156,233	(2,184)	-	-	-	5,518	4,139
Disbursements:								
Current:								
Instruction	-	136,719	-	-	-	90	5,518	-
Support services	-	2,880	-	-	-	300	-	2,565
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	139,599	-	-	-	390	5,518	2,565
Excess (deficiency) of receipts over disbursements	-	16,634	(2,184)	-	-	(390)	-	1,574
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	16,634	(2,184)	-	-	(390)	-	1,574
Cash and investments - ending	\$ -	\$ 16,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,383

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II 2011/12 Part A Improv	Title II 2012/13 Part A Improv	Education Jobs	Prepaid Food Elementary	Prepaid Food Jr.-Sr. High School	Payroll Deductions	Totals
Cash and investments - beginning	\$ (1,965)	\$ -	\$ -	\$ 23,694	\$ 3,359	\$ 1,330	\$ 65,426	\$ 1,467,398
Receipts:								
Local sources	-	-	-	-	-	-	-	3,503,293
Intermediate sources	-	-	-	-	-	-	-	204
State sources	-	-	-	-	-	-	-	7,367,893
Federal sources	3,981	33,851	-	190,711	-	-	-	688,887
Temporary loans	-	-	-	-	-	-	-	669,196
Interfund loans	-	-	-	-	-	-	-	409,407
Other	-	-	-	-	103,343	172,557	1,775,995	2,055,409
Total receipts	3,981	33,851	-	190,711	103,343	172,557	1,775,995	14,694,289
Disbursements:								
Current:								
Instruction	2,016	38,959	-	152,506	-	-	-	5,237,291
Support services	-	-	-	75,635	-	-	-	4,398,385
Noninstructional services	-	-	-	-	-	-	-	668,633
Facilities acquisition and construction	-	-	-	-	-	-	-	687,407
Debt services	-	-	-	-	-	-	-	1,446,719
Nonprogrammed charges	-	-	-	-	103,671	171,740	1,757,760	2,033,171
Interfund loans	-	-	-	-	-	-	-	409,407
Total disbursements	2,016	38,959	-	228,141	103,671	171,740	1,757,760	14,881,013
Excess (deficiency) of receipts over disbursements	1,965	(5,108)	-	(37,430)	(328)	817	18,235	(186,724)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	24,374
Transfers in	-	-	-	-	-	-	-	1,072,892
Transfers out	-	-	-	-	-	-	-	(1,072,892)
Total other financing sources (uses)	-	-	-	-	-	-	-	24,374
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,965	(5,108)	-	(37,430)	(328)	817	18,235	(162,350)
Cash and investments - ending	\$ -	\$ (5,108)	\$ -	\$ (13,736)	\$ 3,031	\$ 2,147	\$ 83,661	\$ 1,305,048

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Exempt Retirement/ Severance Bond Debt Reserve	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Series 2010A Const. Acct. H.S.
Cash and investments - beginning	\$ (78,480)	\$ 255,695	\$ 14,010	\$ 222,017	\$ (99,310)	\$ 21,704	\$ 244,666	\$ 148,859	\$ 164,365
Receipts:									
Local sources	59,295	1,436,120	179,574	694,546	765,426	35,260	-	-	-
Intermediate sources	11,241	-	-	-	-	-	-	-	-
State sources	7,229,072	-	-	7,945	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>7,299,608</u>	<u>1,436,120</u>	<u>179,574</u>	<u>702,491</u>	<u>765,426</u>	<u>35,260</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	4,652,737	-	-	-	-	-	-	-	-
Support services	2,199,852	-	-	834,262	769,212	-	60,000	47,495	9,528
Noninstructional services	167,226	-	-	-	-	-	-	-	-
Facilities acquisition and construction	2,911	-	-	60,272	-	-	-	-	151,776
Debt services	347,324	1,402,971	176,629	201,396	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>7,370,050</u>	<u>1,402,971</u>	<u>176,629</u>	<u>1,095,930</u>	<u>769,212</u>	<u>-</u>	<u>60,000</u>	<u>47,495</u>	<u>161,304</u>
Excess (deficiency) of receipts over disbursements	<u>(70,442)</u>	<u>33,149</u>	<u>2,945</u>	<u>(393,439)</u>	<u>(3,786)</u>	<u>35,260</u>	<u>(60,000)</u>	<u>(47,495)</u>	<u>(161,304)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	6,501	-	-	-	-	-	-	-	-
Transfers in	81,546	-	-	102,728	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>88,047</u>	<u>-</u>	<u>-</u>	<u>102,728</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>17,605</u>	<u>33,149</u>	<u>2,945</u>	<u>(290,711)</u>	<u>(3,786)</u>	<u>35,260</u>	<u>(60,000)</u>	<u>(47,495)</u>	<u>(161,304)</u>
Cash and investments - ending	<u>\$ (60,875)</u>	<u>\$ 288,844</u>	<u>\$ 16,955</u>	<u>\$ (68,694)</u>	<u>\$ (103,096)</u>	<u>\$ 56,964</u>	<u>\$ 184,666</u>	<u>\$ 101,364</u>	<u>\$ 3,061</u>

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Series 2010B Const. Acct- Elem	Series 2012 Bond	New Drive Project	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	2010/2011 Gifted and Talented	2011/2012 Gifted and Talented
Cash and investments - beginning	\$ 101,157	\$ -	\$ -	\$ 164,202	\$ 42,267	\$ -	\$ 76	\$ -	\$ 6,290
Receipts:									
Local sources	-	-	-	272,199	176,957	1,877	-	-	-
Intermediate sources	-	-	-	-	-	-	150	-	-
State sources	-	-	-	5,469	41,279	-	-	-	-
Federal sources	-	-	-	302,157	-	-	-	-	-
Other	-	-	-	350	1,089	-	-	-	-
Total receipts	-	-	-	580,175	219,325	1,877	150	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	226	-	6,327
Support services	-	-	-	581	188,804	-	-	-	-
Noninstructional services	-	-	-	540,641	-	-	-	-	-
Facilities acquisition and construction	110,605	432,697	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	110,605	432,697	-	541,222	188,804	-	226	-	6,327
Excess (deficiency) of receipts over disbursements	(110,605)	(432,697)	-	38,953	30,521	1,877	(76)	-	(6,327)
Other financing sources (uses):									
Proceeds of long-term debt	-	1,100,000	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	184,274	-	-	-	-	-	-	-
Total other financing sources (uses)	-	1,284,274	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(110,605)	851,577	-	38,953	30,521	1,877	(76)	-	(6,327)
Cash and investments - ending	\$ (9,448)	\$ 851,577	\$ -	\$ 203,155	\$ 72,788	\$ 1,877	\$ -	\$ -	\$ (37)

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	2012/2013 Gifted and Talented	Medicaid Reimbursement	School Technology	Food for All Grant- 12/13	Cargill Grant 12/13	Excess PTRC Distributions	2012 Youth Livestock Grant	2013 Cargill Grant- Jazz
Cash and investments - beginning	\$ -	\$ 576	\$ 1,644	\$ -	\$ -	\$ 3,298	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	29,333	518	5,187	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	1,701	1,900	-	3,675	1,000
Total receipts	29,333	518	5,187	1,701	1,900	-	3,675	1,000
Disbursements:								
Current:								
Instruction	12,228	-	-	-	-	-	-	787
Support services	2,179	-	-	1,145	1,615	-	3,675	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	14,407	-	-	1,145	1,615	-	3,675	787
Excess (deficiency) of receipts over disbursements	14,926	518	5,187	556	285	-	-	213
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,926	518	5,187	556	285	-	-	213
Cash and investments - ending	\$ 14,926	\$ 1,094	\$ 6,831	\$ 556	\$ 285	\$ 3,298	\$ -	\$ 213

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	2012/13 Title I	Title I 2011/2012	2010-11 Title I Grant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Part B 619 Idea Grant 12/13	Drug Free 2009/2011	Vocational Perkins 2011/12	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ -	\$ 16,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,383
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	125,458	-	-	268,450	785	-	-	1,431
Other	-	-	-	-	-	-	-	-
Total receipts	<u>125,458</u>	<u>-</u>	<u>-</u>	<u>268,450</u>	<u>785</u>	<u>-</u>	<u>-</u>	<u>1,431</u>
Disbursements:								
Current:								
Instruction	134,162	24,500	-	273,608	-	-	-	-
Support services	3,150	-	-	-	2,933	-	-	131
Noninstructional services	194	191	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>137,506</u>	<u>24,691</u>	<u>-</u>	<u>273,608</u>	<u>2,933</u>	<u>-</u>	<u>-</u>	<u>131</u>
Excess (deficiency) of receipts over disbursements	<u>(12,048)</u>	<u>(24,691)</u>	<u>-</u>	<u>(5,158)</u>	<u>(2,148)</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
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>(12,048)</u>	<u>(24,691)</u>	<u>-</u>	<u>(5,158)</u>	<u>(2,148)</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Cash and investments - ending	<u>\$ (12,048)</u>	<u>\$ (8,057)</u>	<u>\$ -</u>	<u>\$ (5,158)</u>	<u>\$ (2,148)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,683</u>

UNION-NORTH UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II 2011/12 Part A Improv	Title II 2012/13 Part A Improv	Education Jobs	Prepaid Food Elementary	Prepaid Food Jr.-Sr. High School	Payroll Deductions	Totals
Cash and investments - beginning	\$ -	\$ (5,108)	\$ -	\$ (13,736)	\$ 3,031	\$ 2,147	\$ 83,661	\$ 1,305,048
Receipts:								
Local sources	-	-	-	-	-	-	-	3,621,254
Intermediate sources	-	-	-	-	-	-	-	11,391
State sources	-	-	-	-	-	-	-	7,318,803
Federal sources	-	-	29,099	38,548	-	-	-	765,928
Other	-	-	-	-	44,523	85,479	2,461,748	2,601,465
Total receipts	-	-	29,099	38,548	44,523	85,479	2,461,748	14,318,841
Disbursements:								
Current:								
Instruction	-	8,948	33,423	26,761	-	-	-	5,173,707
Support services	-	-	-	22,650	-	-	-	4,147,212
Noninstructional services	-	-	-	-	-	-	-	708,252
Facilities acquisition and construction	-	-	-	-	-	-	-	758,261
Debt services	-	-	-	-	-	-	-	2,128,320
Nonprogrammed charges	-	-	-	-	45,289	84,991	2,472,284	2,602,564
Total disbursements	-	8,948	33,423	49,411	45,289	84,991	2,472,284	15,518,316
Excess (deficiency) of receipts over disbursements	-	(8,948)	(4,324)	(10,863)	(766)	488	(10,536)	(1,199,475)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,100,000
Sale of capital assets	-	-	-	-	-	-	-	6,501
Transfers in	-	-	-	-	-	-	-	184,274
Transfers out	-	-	-	-	-	-	-	184,274
Total other financing sources (uses)	-	-	-	-	-	-	-	1,475,049
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(8,948)	(4,324)	(10,863)	(766)	488	(10,536)	275,574
Cash and investments - ending	\$ -	\$ (14,056)	\$ (4,324)	\$ (24,599)	\$ 2,265	\$ 2,635	\$ 73,125	\$ 1,580,622

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 179,411</u>	<u>\$ 43,102</u>

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Computer, Inc.	Student computers	134,050.91	06-27-11	06-27-14
Union-North United School Building Corporation	1.980 First Mortgage Bonds, Series 2010A	423,500	07-15-11	01-15-16
Union-North United School Building Corporation	4.200 First Mortgage Bonds, Series 2010B	410,500	07-15-11	01-15-23
Union-North United School Building Corporation	1.500 First Mortgage Bonds, Series 2012	<u>25,593</u>	07-15-13	01-15-24
Total of annual lease payments		<u>\$ 993,643</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds, Series 2010		Renovations to School Corporation facilities	\$ 220,000	\$ 222,475
Other debt (First Mortgage Bonds)		Pension bonds	<u>85,000</u>	<u>86,955</u>
Totals			<u>\$ 305,000</u>	<u>\$ 309,430</u>

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UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2013

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,248,000
Buildings	9,811,946
Machinery, equipment, and vehicles	454,050
Books and other	<u>394,975</u>
 Total capital assets	 <u>\$ 11,908,971</u>

UNION-NORTH UNITED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following funds with overdrawn cash balances at June 30, 2012 and 2013, respectively:

Fund	Date	Overdrawn Amount
General	06-30-12	\$ 78,480
School Transportation	06-30-12	99,310
Education Jobs	06-30-12	13,736
General	06-30-13	60,875
Capital Projects	06-30-13	68,694
School Transportation	06-30-13	103,096
Series 2010B Const. Acct-Elem	06-30-13	9,448
Education Jobs	06-30-13	24,599
2011/2012 Gifted and Talented	06-30-13	37
IDEA, Part B) LEA Capacity Building (Sliver)	06-30-13	5,158

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONTRACTS

The Collective Bargaining Agreement between the School Corporation and the Teachers Association contains wording in regards to Teaching Conditions and Association and Teacher Rights. The Agreement was not posted to the School Corporation's website until January 9, 2014.

Contracts entered into on or after July 1, 2011 . . . May not contain the following terms or subjects: . . . Teaching/working conditions (e.g., conference/preparation time). . . . Teacher rights (or "professional advantages" clauses). (The School Administrator and Uniform Compliance Guidelines, June 2012, Volume 198)

Indiana Code 20-29-6-19 states: "Not later than fourteen (14) business days after the parties have reached an agreement under this chapter, the school employer shall post the contract upon which the parties have agreed on the school employer's Internet web site."

UNION-NORTH UNITED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

The Transportation Director's salary was not included on any salary schedules for the school years 2012 and 2013.

On December 28, 2011, the School Corporation approved the hiring of the current Superintendent of Schools for a period of January 1, 2012 through June 30, 2015. Originally, the only signed contract between the School Corporation and the Superintendent of Schools was for the period of January 1, 2012 through June 30, 2012. No signed contract existed for the remainder of the contract period.

On January 23, 2014, a contract between the School Corporation and the Superintendent of Schools for the period of July 1, 2012 to June 30, 2015, was signed by both parties and posted to the School Corporation's website.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COLLECTION OF AMOUNTS DUE - JR.-SR. HIGH SCHOOL TEXTBOOK RENTAL FEES

The amount of \$17,124 was due to Union-North United School Corporation as of June 30, 2013, for Jr.-Sr. High School delinquent textbook rental fees. The Jr.-Sr. High School Extra-Curricular Treasurer does not consistently file delinquent textbook rental fees with the small claims court. No filings have been made since early 2012.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

TO: THE OFFICIALS OF THE UNION-NORTH UNITED SCHOOL
CORPORATION, ST. JOSEPH COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Union-North United 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, 2011 to June 30, 2013. 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, 2011 to June 30, 2013.

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

Other Matters

The School Corporation's response to our audit is described in the accompanying Official Response. 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.

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

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

The School Corporation's response to our audit is described in the accompanying Official Response. 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

February 13, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

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	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster	Indiana Department of Education				
School Breakfast Program		10.553		\$ 54,742	\$ 54,665
National School Lunch Program		10.555		281,761	282,373
Summer Food Service Program for Children		10.559		-	2,866
Total for Child Nutrition Cluster				336,503	339,904
Child and Adult Care Food Program	Indiana Department of Education	10.558		679	-
Total - U.S. Department of Agriculture				337,182	339,904
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster	Indiana Department of Education				
Title I Grants to Local Educational Agencies		84.010			
			10-7150	51,650	-
			11-7150	102,399	-
			12-7150	-	125,458
Total for Title I, Part A Cluster				154,049	125,458
Special Education Cluster (IDEA)	Indiana Department of Education				
Special Education - Grants to States		84.027	14213-136-PN01	-	268,450
Special Education - Preschool Grants		84.173	45713-136-PN01	-	2,264
Total for Special Education Cluster (IDEA)				-	270,714
Career and Technical Education-Basic Grants to States	Culver Community School Corporation	84.048	2011 / 2012	5,518	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			FY11/12	37,832	-
			FY 12/13	-	29,099
Total for Improving Teacher Quality State Grants				37,832	29,099
Education Jobs Fund	Indiana Department of Education	84.410	11-5455	190,711	38,548
Total - U.S. Department of Education				388,110	463,819
<u>U.S. SOCIAL SECURITY ADMINISTRATION</u>					
Disability Insurance/SSI Cluster					
Social Security - Disability Insurance	Direct	96.001	FY 2011/2012	28	-
Total federal awards expended				725,320	803,723

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

UNION-NORTH UNITED SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Union-North United School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
National School Lunch Program	10.555	\$ 40,862	\$ 39,671

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

for each six month period and incorporates it into her submission of the Form 9 to the Indiana Department of Education for each six month period. The numbers reported by the Extra-Curricular Treasurer were not verified to the Extra-Curricular's records resulting in a misstatement of the Textbook Rental Fund on the Form 9s and the School Corporation's financial statement for the current audit period and the prior audit period.

2. Bank Account Reconcilements: Depository reconciliation of the fund balances to the bank account balances as of June 30, 2013, was conducted; however, the reconciliation did not balance. The reconciled bank balance was \$1,183,388. The cash balance per the School Corporation's records was \$1,202,753. The difference is \$19,365. Several items on the reconciliation were noted to be in error, such as a deposit in transit dated June 30, 2012, and outstanding checks that have already cleared the bank. Upon review of the prior bank reconcilements, the reconciliations have not balanced for the past several years. In addition, no one is reviewing the bank reconcilements other than the person preparing them.
3. The Board Minutes for the first year of the audit did not always indicate if the Board of School Trustees had approved the expenditures of the School Corporation. In addition, the dockets for this time period were either not been signed by School Board members or missing.

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)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.

UNION-NORTH UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



Union-North United School Corporation
Office of the Superintendent

State Board of Accounts
302 Washington St. Room E418
Indianapolis, IN 46204-2765

To: Indiana State Board of Accounts Field Examiners

From: Valerie Gillespie

Re: Audit Finding

Date: February 13, 2014

Finding No. 2013-001, Internal Controls Over Financial Transactions and Reporting

Corrective Action Plan:

The Business Office will strengthen internal controls over financial transactions and reporting using internal and external resources available to ensure accuracy of financial statements and documented information is correct.

Through maintaining independent financial records, the Business Office will ensure financial records submitted by the Extra-Curricular Treasurers correlate.

To strengthen internal controls of bank statement reconciliation, the Business Office will use resources to ensure transactions are reflected accurately.

Lastly, the Business Office has implemented procedures to ensure all information is consistently reflected accurately as necessary.

Valerie Gillespie

Valerie Gillespie
Corporation Treasurer

UNION-NORTH UNITED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2014, with Valerie M. Gillespie, Treasurer; Michael L. Berger, President of the School Board; and Mitchell D. Mawhorter, Superintendent of Schools. The Official Response has been made a part of this report and may be found on page 50.



Union-North United School Corporation
Office of the Superintendent

March 13, 2014

Indiana State Board of Accounts
302 Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Official Response- Union-North United School Corporation Audit

OVERDRAWN CASH BALANCES

The financial statements presented in the audit report consisted of funds with overdrawn cash balances. The General fund was overdrawn on 6/30/2012 and 6/30/2013 as a result of final wages paid to certified teachers upon retirement. Retiring certified teachers who have fulfilled their school year employment contracts receive their remaining pay (consisting of the four remaining payrolls to fulfill contract agreements) through the final payroll date in June. Overall, over \$240,000 in expenditures over prior calendar years were eliminated, which have resulted in a positive outcome for 2013 year-end. The School Transportation and Capital Projects Funds were cited in the audit report as overdrawn due to a shortfall of levies not received from prior years. Union-North United School Corporation is working diligently to decrease expenditures in these funds to eliminate the overdrawn cash balance situation. Remaining funds listed with an overdrawn cash balance were expended in excess of approved funds erroneously. Necessary steps have been implemented to prevent this matter moving forward. Overall, the total cash balance for all funds listed exceeds the negative cash balance in abovementioned funds.

CONTRACTS

The Corrective Bargaining Agreement has been revised to reflect proper terminology per The School Administrator and Uniform Compliance Guidelines (June 2012, Volume 198). Upon board approval, the final Agreement will be forwarded to the proper authorities, and posted on the corporation's internet web site.

COMPENSATION AND BENEFITS

Salary Schedules for school years 2012 and 2013 omitted the Transportation Director's salary in error. As a result, reporting procedures have been upgraded to ensure proper reporting in the future.

COLLECTION OF AMOUNTS DUE-JR./SR. HIGH SCHOOL TEXTBOOK RENTAL FEES

An audit finding and comment was issued as a result of the lack of collections that existed prior to 2012. Prior collection practices in place did not fully meet the needs of the Jr/Sr. High School. Subsequently, collection policies and procedures have been implemented to ensure more successful results.

Valerie Gillespie
Corporation Treasurer