

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NINEVEH-HENSLEY-JACKSON
UNITED SCHOOL CORPORATION
JOHNSON 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	Sandra J. West (Deceased) Debra E. Carter	07-01-11 to 11-07-11 11-08-11 to 06-30-14
Superintendent of Schools	Dr. Matthew J. Prusiecki Dr. Rebecca Courtney-Knight (Interim)	07-01-11 to 08-27-13 08-28-13 to 06-30-14
President of the School Board	Greg Waltz Kathy Vest	07-01-11 to 12-31-13 01-01-14 to 12-31-14



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Nineveh-Hensley-Jackson 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 March 17, 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, 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.


Paul D. Joyce, CPA
State Examiner

March 17, 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 NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION, JOHNSON 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 Nineveh-Hensley-Jackson 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 March 17, 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 items 2013-001 and 2013-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Nineveh-Hensley-Jackson United School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 17, 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.

NINEVEH-HENSLEY-JACKSON 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	\$ 574,328	\$ 10,677,030	\$ 10,727,432	\$ 360	\$ 524,286	\$ 10,872,179	\$ 10,163,930	\$ -	\$ 1,232,535
Debt Service	1,503,378	2,560,828	3,022,127	-	1,042,079	2,772,642	2,403,503	(12,123)	1,399,095
Retirement/Severance Bond Debt Service	130,002	142,587	201,799	-	70,790	152,080	104,996	-	117,874
Capital Projects	663,667	1,228,836	1,282,914	(50,000)	559,589	1,262,308	1,219,374	(145,457)	457,066
School Transportation	310,733	1,075,104	1,088,046	(53,542)	244,249	1,110,169	1,079,602	(4,518)	270,298
School Bus Replacement	558,032	123,406	461,462	(100,000)	119,976	210,990	165,610	(268)	165,088
Rainy Day	557,117	75,905	146,413	378,159	864,768	70,508	23,653	140,000	1,051,623
Construction	676,654	-	355,136	36,989	358,507	-	387,758	106,264	77,013
Construction Fund GO 2012 Bond	-	-	-	-	-	-	757,505	1,993,700	1,236,195
School Lunch	113,732	1,085,422	984,404	-	214,750	1,274,263	1,268,935	-	220,078
Textbook Rental	393,129	196,868	284,694	-	305,303	721,133	598,592	-	427,844
Levy Excess	26,341	-	-	(26,341)	-	-	-	22,367	22,367
Educational License Plates	1,637	150	600	-	1,187	263	-	-	1,450
SAFE School Haven	3,372	-	3,300	-	72	-	72	-	-
Early Intervention Grant	2,300	9,000	2,706	-	8,594	-	8,594	-	-
Early Intervention Grant 12/13	-	-	-	-	-	9,200	2,470	-	6,730
Bryan Pitcher Gift Interest	7,416	20	-	-	7,436	22	-	-	7,458
Greer Family Gift Interest	6,051	89	-	-	6,140	-	-	-	6,140
McNeely Gift (8000)	8,000	-	-	-	8,000	-	-	-	8,000
McNeely Gift (21500)	21,500	-	-	-	21,500	-	-	-	21,500
McNeely Gift (26092)	26,092	-	-	-	26,092	-	-	-	26,092
McNeely Gifts Usable Interest	14,102	4,764	11,205	-	7,661	4,850	-	-	12,511
McNeely Gift/Hilliard Lyons	46,060	-	-	-	46,060	-	-	-	46,060
NASA/Life Sciences Grant 10/12	9,163	15,203	6,021	(117)	18,228	20,000	5,858	-	32,370
Fit City Grant 11/12 Healthy JC	-	3,000	-	-	3,000	-	-	-	3,000
FFA Gift	4,000	-	2,000	-	2,000	-	2,000	-	-
Scholarships and Awards	-	-	-	-	-	36,377	-	-	36,377
Pepsi Donation	-	28,500	15,828	-	12,672	13,525	26,197	-	-
Kroger Donation ICIS Criterion	-	4,500	2,363	-	2,137	-	-	-	2,137
NHJ Education Foundation	-	1,798	-	-	1,798	9,510	7,095	-	4,213
Piano Purchase Donation	-	1,700	-	-	1,700	-	1,700	-	-

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

NINEVEH-HENSLEY-JACKSON 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
(Continued)

	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
Endangered Places Grant	-	2,400	2,400	-	-	-	-	-	-
Cape Grant	7,328	-	5,418	-	1,910	-	1,910	-	-
Cape Grant 2009	4,057	-	4,057	-	-	-	-	-	-
Instruction Support	41,034	-	41,034	-	-	-	-	-	-
High Ability Learners GR 11/12	-	31,804	28,298	-	3,506	-	3,506	-	-
High Ability 12/13	-	-	-	-	-	31,482	27,605	-	3,877
Drug Free Communities	4,638	250	736	-	4,152	-	4,152	-	-
Drug Free Comm JCCASA 11 12	-	4,740	776	-	3,964	-	3,964	-	-
Drug Free Comm JCCASA 12/13	-	-	-	-	-	2,370	2,340	-	30
Medicaid Reimbursement	-	4,259	-	-	4,259	3,076	-	-	7,335
School Technology	14,313	24,182	19,447	-	19,048	21,557	13,175	-	27,430
Miscellaneous Programs	188	-	188	-	-	-	-	-	-
Perkins Fund Robotics Comp 1112	-	600	306	-	294	-	294	-	-
Perkins Robotics Grant 2012/13	-	-	-	-	-	2,999	2,999	-	-
Title I 11/12	-	163,430	163,430	-	-	76,806	76,806	-	-
Title I 12/13	-	-	-	-	-	166,794	166,794	-	-
Title I	-	179,148	67,740	(111,408)	-	-	-	-	-
Drug Free Schools	-	811	442	-	369	-	369	-	-
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	9,109	-	5,025	-	4,084	-	4,084	-	-
Medicaid Reimbursement - Federal	-	8,530	-	-	8,530	6,233	-	-	14,763
Title II Part A 2010/2012	-	63,626	63,626	-	-	8,179	8,179	-	-
Title II Part A 11/13	-	11,890	11,890	-	-	35,774	35,774	-	-
Title II Part A 12/14	-	-	-	-	-	26,749	26,749	-	-
Title I - Grants to LEAs	-	12,631	-	(12,631)	-	-	-	-	-
Special Education - Part B	-	55,760	31,639	(24,121)	-	-	-	-	-
Education Jobs	-	299,899	299,899	-	-	120,390	120,390	-	-
Payroll Withholdings	66,708	2,606,958	2,643,574	-	30,092	2,634,556	2,657,751	-	6,897
Totals	<u>\$ 5,804,181</u>	<u>\$ 20,705,628</u>	<u>\$ 21,988,375</u>	<u>\$ 37,348</u>	<u>\$ 4,558,782</u>	<u>\$ 21,676,984</u>	<u>\$ 21,384,285</u>	<u>\$ 2,099,965</u>	<u>\$ 6,951,446</u>

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

NINEVEH-HENSLEY-JACKSON 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.

NINEVEH-HENSLEY-JACKSON 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.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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. *Holding Corporation*

The School Corporation has entered into a capital lease with Nineveh-Hensley-Jackson Intermediate 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 \$2,084,169 and \$1,893,696, respectively.

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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.

NINEVEH-HENSLEY-JACKSON 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Construction Fund Go 2012 Bond	School Lunch
Cash and investments - beginning	\$ 574,328	\$ 1,503,378	\$ 130,002	\$ 663,667	\$ 310,733	\$ 558,032	\$ 557,117	\$ 676,654	\$ -	\$ 113,732
Receipts:										
Local sources	81,289	2,560,828	142,587	1,228,836	1,040,879	123,406	-	-	-	769,249
Intermediate sources	11	-	-	-	-	-	-	-	-	-
State sources	10,542,870	-	-	-	-	-	-	-	-	11,215
Federal sources	-	-	-	-	-	-	-	-	-	304,681
Interfund loans	-	-	-	-	-	-	75,905	-	-	-
Other	52,860	-	-	-	34,225	-	-	-	-	277
Total receipts	10,677,030	2,560,828	142,587	1,228,836	1,075,104	123,406	75,905	-	-	1,085,422
Disbursements:										
Current:										
Instruction	7,017,224	-	-	-	-	-	-	-	-	-
Support services	3,623,669	-	-	960,706	1,088,046	461,462	-	70,852	-	355
Noninstructional services	86,539	-	-	-	-	-	-	-	-	984,049
Facilities acquisition and construction	-	-	-	322,208	-	-	-	284,284	-	-
Debt services	-	3,022,127	201,799	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	146,413	-	-	-
Total disbursements	10,727,432	3,022,127	201,799	1,282,914	1,088,046	461,462	146,413	355,136	-	984,404
Excess (deficiency) of receipts over disbursements	(50,402)	(461,299)	(59,212)	(54,078)	(12,942)	(338,056)	(70,508)	(355,136)	-	101,018
Other financing sources (uses):										
Sale of capital assets	360	-	-	-	-	-	-	36,989	-	-
Transfers in	-	-	-	-	26,458	-	378,159	-	-	-
Transfers out	-	-	-	(50,000)	(80,000)	(100,000)	-	-	-	-
Total other financing sources (uses)	360	-	-	(50,000)	(53,542)	(100,000)	378,159	36,989	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(50,042)	(461,299)	(59,212)	(104,078)	(66,484)	(438,056)	307,651	(318,147)	-	101,018
Cash and investments - ending	\$ 524,286	\$ 1,042,079	\$ 70,790	\$ 559,589	\$ 244,249	\$ 119,976	\$ 864,768	\$ 358,507	\$ -	\$ 214,750

NINEVEH-HENSLEY-JACKSON 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)

	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Early Intervention Grant	Early Intervention Grant 12/13	Bryan Pitcher Gift Interest	Greer Family Gift Interest	McNeely Gift (8000)	McNeely Gift (21500)
Cash and investments - beginning	\$ 393,129	\$ 26,341	\$ 1,637	\$ 3,372	\$ 2,300	\$ -	\$ 7,416	\$ 6,051	\$ 8,000	\$ 21,500
Receipts:										
Local sources	144,453	-	-	-	-	-	20	89	-	-
Intermediate sources	-	-	150	-	-	-	-	-	-	-
State sources	52,415	-	-	-	9,000	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	196,868	-	150	-	9,000	-	20	89	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	348	-	-	-	-	-
Support services	284,694	-	600	3,300	2,358	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	284,694	-	600	3,300	2,706	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(87,826)	-	(450)	(3,300)	6,294	-	20	89	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(26,341)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(26,341)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(87,826)	(26,341)	(450)	(3,300)	6,294	-	20	89	-	-
Cash and investments - ending	\$ 305,303	\$ -	\$ 1,187	\$ 72	\$ 8,594	\$ -	\$ 7,436	\$ 6,140	\$ 8,000	\$ 21,500

NINEVEH-HENSLEY-JACKSON 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)

	McNeely Gift (26092)	McNeely Gifts Useable Interest	McNeely Gift/ Hilliard Lyons	NASA/Life Sciences Grant 10/12	Fit City Grant 11/12 Healthy JC	FFA Gift	Scholarships and Awards	Pepsi Donation	Kroger Donation ICIS Criterion	NHJ Education Foundation
Cash and investments - beginning	\$ 26,092	\$ 14,102	\$ 46,060	\$ 9,163	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	4,764	-	15,203	3,000	-	-	28,500	4,500	1,798
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	4,764	-	15,203	3,000	-	-	28,500	4,500	1,798
Disbursements:										
Current:										
Instruction	-	11,205	-	6,021	-	2,000	-	-	2,363	-
Support services	-	-	-	-	-	-	-	15,828	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	11,205	-	6,021	-	2,000	-	15,828	2,363	-
Excess (deficiency) of receipts over disbursements	-	(6,441)	-	9,182	3,000	(2,000)	-	12,672	2,137	1,798
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(117)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(117)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(6,441)	-	9,065	3,000	(2,000)	-	12,672	2,137	1,798
Cash and investments - ending	\$ 26,092	\$ 7,661	\$ 46,060	\$ 18,228	\$ 3,000	\$ 2,000	\$ -	\$ 12,672	\$ 2,137	\$ 1,798

NINEVEH-HENSLEY-JACKSON 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)

	Piano Purchase Donation	Endangered Places Grant	Cape Grant	Cape Grant 2009	Instruction Support	High Ability Learners GR 11/12	High Ability 12/13	Drug Free Communities	Drug Free Comm JCCASA 11 12	Drug Free Comm JCCASA 12/13
Cash and investments - beginning	\$ -	\$ -	\$ 7,328	\$ 4,057	\$ 41,034	\$ -	\$ -	\$ 4,638	\$ -	\$ -
Receipts:										
Local sources	1,700	2,400	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	31,804	-	-	4,740	-
Federal sources	-	-	-	-	-	-	-	250	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,700	2,400	-	-	-	31,804	-	250	4,740	-
Disbursements:										
Current:										
Instruction	-	-	5,418	4,057	-	28,298	-	736	776	-
Support services	-	2,400	-	-	41,034	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,400	5,418	4,057	41,034	28,298	-	736	776	-
Excess (deficiency) of receipts over disbursements	1,700	-	(5,418)	(4,057)	(41,034)	3,506	-	(486)	3,964	-
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	1,700	-	(5,418)	(4,057)	(41,034)	3,506	-	(486)	3,964	-
Cash and investments - ending	\$ 1,700	\$ -	\$ 1,910	\$ -	\$ -	\$ 3,506	\$ -	\$ 4,152	\$ 3,964	\$ -

NINEVEH-HENSLEY-JACKSON 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)

	Medicaid Reimbursement	School Technology	Miscellaneous Programs	Perkins Fund Robotics Comp 11 12	Perkins Robotics Grants 2012/13	Title I 11/12	Title I 12/13	Title I	Drug Free Schools	Title II - Dwight D. Eisenhower - Science and Math Technology Grants
Cash and investments - beginning	\$ -	\$ 14,313	\$ 188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,109
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	4,259	24,182	-	600	-	-	-	-	-	-
Federal sources	-	-	-	-	-	116,960	-	179,148	811	-
Interfund loans	-	-	-	-	-	46,470	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	4,259	24,182	-	600	-	163,430	-	179,148	811	-
Disbursements:										
Current:										
Instruction	-	-	188	306	-	145,089	-	66,897	-	5,025
Support services	-	19,447	-	-	-	-	-	626	442	-
Noninstructional services	-	-	-	-	-	-	-	217	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	18,341	-	-	-	-
Total disbursements	-	19,447	188	306	-	163,430	-	67,740	442	5,025
Excess (deficiency) of receipts over disbursements	4,259	4,735	(188)	294	-	-	-	111,408	369	(5,025)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(111,408)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(111,408)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,259	4,735	(188)	294	-	-	-	-	369	(5,025)
Cash and investments - ending	\$ 4,259	\$ 19,048	\$ -	\$ 294	\$ -	\$ -	\$ -	\$ -	\$ 369	\$ 4,084

NINEVEH-HENSLEY-JACKSON 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)

	Medicaid Reimbursement - Federal	Title II Part A 2010/2012	Title II Part A 11/13	Title II Part A 12/14	Title I - Grants to LEAs	Special Education - Part B	Education Jobs	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,708	\$ 5,804,181
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,153,501
Intermediate sources	-	-	-	-	-	-	-	-	161
State sources	-	-	-	-	-	-	-	-	10,681,085
Federal sources	8,530	44,275	7,533	-	12,631	55,760	223,664	-	954,243
Interfund loans	-	19,351	4,357	-	-	-	76,235	-	222,318
Other	-	-	-	-	-	-	-	2,606,958	2,694,320
Total receipts	8,530	63,626	11,890	-	12,631	55,760	299,899	2,606,958	20,705,628
Disbursements:									
Current:									
Instruction	-	50,980	11,890	-	-	31,639	193,925	-	7,584,385
Support services	-	-	-	-	-	-	61,056	-	6,636,875
Noninstructional services	-	-	-	-	-	-	-	-	1,070,805
Facilities acquisition and construction	-	-	-	-	-	-	-	-	606,492
Debt services	-	-	-	-	-	-	-	-	3,223,926
Interfund loans	-	12,646	-	-	-	-	44,918	2,643,574	2,865,892
Total disbursements	-	63,626	11,890	-	-	31,639	299,899	2,643,574	21,988,375
Excess (deficiency) of receipts over disbursements	8,530	-	-	-	12,631	24,121	-	(36,616)	(1,282,747)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	37,349
Transfers in	-	-	-	-	-	-	-	-	404,617
Transfers out	-	-	-	-	(12,631)	(24,121)	-	-	(404,618)
Total other financing sources (uses)	-	-	-	-	(12,631)	(24,121)	-	-	37,348
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,530	-	-	-	-	-	-	(36,616)	(1,245,399)
Cash and investments - ending	\$ 8,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,092	\$ 4,558,782

NINEVEH-HENSLEY-JACKSON 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	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	Construction Fund Go 2012 Bond	School Lunch
Cash and investments - beginning	\$ 524,286	\$ 1,042,079	\$ 70,790	\$ 559,589	\$ 244,249	\$ 119,976	\$ 864,768	\$ 358,507	\$ -	\$ 214,750
Receipts:										
Local sources	43,338	2,772,642	152,080	1,211,087	1,070,592	210,990	-	-	-	988,987
Intermediate sources	6	-	-	-	-	-	-	-	-	-
State sources	10,808,571	-	-	-	-	-	-	-	-	10,945
Federal sources	-	-	-	-	-	-	-	-	-	273,124
Temporary loans	-	-	-	50,000	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	70,508	-	-	-
Other	20,264	-	-	1,221	39,577	-	-	-	-	1,207
Total receipts	10,872,179	2,772,642	152,080	1,262,308	1,110,169	210,990	70,508	-	-	1,274,263
Disbursements:										
Current:										
Instruction	6,723,997	-	-	-	-	-	-	-	-	-
Support services	3,349,748	9,939	-	1,034,641	1,079,602	165,610	-	16,302	38,601	631
Noninstructional services	90,185	-	-	-	-	-	-	-	-	1,268,304
Facilities acquisition and construction	-	-	-	184,733	-	-	-	371,456	718,904	-
Debt services	-	2,393,564	104,996	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	23,653	-	-	-
Total disbursements	10,163,930	2,403,503	104,996	1,219,374	1,079,602	165,610	23,653	387,758	757,505	1,268,935
Excess (deficiency) of receipts over disbursements	708,249	369,139	47,084	42,934	30,567	45,380	46,855	(387,758)	(757,505)	5,328
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,993,700	-
Sale of capital assets	-	-	-	-	-	-	-	106,264	-	-
Transfers in	-	-	-	-	-	-	140,000	-	-	-
Transfers out	-	(12,123)	-	(145,457)	(4,518)	(268)	-	-	-	-
Total other financing sources (uses)	-	(12,123)	-	(145,457)	(4,518)	(268)	140,000	106,264	1,993,700	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	708,249	357,016	47,084	(102,523)	26,049	45,112	186,855	(281,494)	1,236,195	5,328
Cash and investments - ending	\$ 1,232,535	\$ 1,399,095	\$ 117,874	\$ 457,066	\$ 270,298	\$ 165,088	\$ 1,051,623	\$ 77,013	\$ 1,236,195	\$ 220,078

NINEVEH-HENSLEY-JACKSON 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)

	Textbook Rental	Levy Excess	Educational License Plates	SAFE School Haven	Early Intervention Grant	Early Intervention Grant 12/13	Bryan Pitcher Gift Interest	Greer Family Gift Interest	McNeely Gift (8000)	McNeely Gift (21500)
Cash and investments - beginning	\$ 305,303	\$ -	\$ 1,187	\$ 72	\$ 8,594	\$ -	\$ 7,436	\$ 6,140	\$ 8,000	\$ 21,500
Receipts:										
Local sources	155,879	-	-	-	-	-	22	-	-	-
Intermediate sources	-	-	263	-	-	-	-	-	-	-
State sources	45,315	-	-	-	-	9,200	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	510,000	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	9,939	-	-	-	-	-	-	-	-	-
Total receipts	721,133	-	263	-	-	9,200	22	-	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	654	326	-	-	-	-
Support services	564,596	-	-	72	7,940	2,144	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	33,996	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	598,592	-	-	72	8,594	2,470	-	-	-	-
Excess (deficiency) of receipts over disbursements	122,541	-	263	(72)	(8,594)	6,730	22	-	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	22,367	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	22,367	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	122,541	22,367	263	(72)	(8,594)	6,730	22	-	-	-
Cash and investments - ending	\$ 427,844	\$ 22,367	\$ 1,450	\$ -	\$ -	\$ 6,730	\$ 7,458	\$ 6,140	\$ 8,000	\$ 21,500

NINEVEH-HENSLEY-JACKSON 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)

	McNeely Gift (26092)	McNeely Gifts Useable Interest	McNeely Gift/ Hilliard Lyons	NASA/Life Sciences Grant 10/12	Fit City Grant 11/12 Healthy JC	FFA Gift	Scholarships and Awards	Pepsi Donation	Kroger Donation ICIS Criterion	NHJ Education Foundation
Cash and investments - beginning	\$ 26,092	\$ 7,661	\$ 46,060	\$ 18,228	\$ 3,000	\$ 2,000	\$ -	\$ 12,672	\$ 2,137	\$ 1,798
Receipts:										
Local sources	-	4,850	-	20,000	-	-	36,377	13,500	-	9,510
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	25	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	4,850	-	20,000	-	-	36,377	13,525	-	9,510
Disbursements:										
Current:										
Instruction	-	-	-	5,858	-	2,000	-	-	-	7,095
Support services	-	-	-	-	-	-	-	26,197	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	5,858	-	2,000	-	26,197	-	7,095
Excess (deficiency) of receipts over disbursements	-	4,850	-	14,142	-	(2,000)	36,377	(12,672)	-	2,415
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	-	4,850	-	14,142	-	(2,000)	36,377	(12,672)	-	2,415
Cash and investments - ending	\$ 26,092	\$ 12,511	\$ 46,060	\$ 32,370	\$ 3,000	\$ -	\$ 36,377	\$ -	\$ 2,137	\$ 4,213

NINEVEH-HENSLEY-JACKSON 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)

	Piano Purchase Donation	Endangered Places Grant	Cape Grant	Cape Grant 2009	Instruction Support	High Ability Learners GR 11/12	High Ability 12/13	Drug Free Communities	Drug Free Comm JCCASA 11 12	Drug Free Comm JCCASA 12/13
Cash and investments - beginning	\$ 1,700	\$ -	\$ 1,910	\$ -	\$ -	\$ 3,506	\$ -	\$ 4,152	\$ 3,964	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	31,482	-	-	2,370
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	31,482	-	-	2,370
Disbursements:										
Current:										
Instruction	1,700	-	1,910	-	-	3,506	27,605	4,152	3,964	2,340
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,700	-	1,910	-	-	3,506	27,605	4,152	3,964	2,340
Excess (deficiency) of receipts over disbursements	(1,700)	-	(1,910)	-	-	(3,506)	3,877	(4,152)	(3,964)	30
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	(1,700)	-	(1,910)	-	-	(3,506)	3,877	(4,152)	(3,964)	30
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,877	\$ -	\$ -	\$ 30

NINEVEH-HENSLEY-JACKSON 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)

	Medicaid Reimbursement	School Technology	Miscellaneous Programs	Perkins Fund Robotics Comp 11 12	Perkins Robotics Grants 2012/13	Title I 11/12	Title I 12/13	Title I	Drug Free Schools	Title II - Dwight D. Eisenhower - Science and Math Technology Grants
Cash and investments - beginning	\$ 4,259	\$ 19,048	\$ -	\$ 294	\$ -	\$ -	\$ -	\$ -	\$ 369	\$ 4,084
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	3,076	21,557	-	-	2,999	-	-	-	-	-
Federal sources	-	-	-	-	-	76,806	147,333	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	19,461	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	3,076	21,557	-	-	2,999	76,806	166,794	-	-	-
Disbursements:										
Current:										
Instruction	-	-	-	294	2,999	47,227	166,659	-	-	4,084
Support services	-	10,928	-	-	-	-	135	-	369	-
Noninstructional services	-	-	-	-	-	1,450	-	-	-	-
Facilities acquisition and construction	-	2,247	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	28,129	-	-	-	-
Total disbursements	-	13,175	-	294	2,999	76,806	166,794	-	369	4,084
Excess (deficiency) of receipts over disbursements	3,076	8,382	-	(294)	-	-	-	-	(369)	(4,084)
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	3,076	8,382	-	(294)	-	-	-	-	(369)	(4,084)
Cash and investments - ending	\$ 7,335	\$ 27,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NINEVEH-HENSLEY-JACKSON 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)

	Medicaid Reimbursement - Federal	Title II Part A 2010/2012	Title II Part A 11/13	Title II Part A 12/14	Title I - Grants to LEAs	Special Education - Part B	Education Jobs	Payroll Withholding	Totals
Cash and investments - beginning	\$ 8,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,092	\$ 4,558,782
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,689,854
Intermediate sources	-	-	-	-	-	-	-	-	269
State sources	-	-	-	-	-	-	-	-	10,935,515
Federal sources	6,233	8,179	35,774	22,582	-	-	120,390	-	690,421
Temporary loans	-	-	-	-	-	-	-	-	560,000
Interfund loans	-	-	-	4,167	-	-	-	-	94,161
Other	-	-	-	-	-	-	-	2,634,556	2,706,764
Total receipts	6,233	8,179	35,774	26,749	-	-	120,390	2,634,556	21,676,984
Disbursements:									
Current:									
Instruction	-	1,475	31,417	26,749	-	-	70,543	-	7,136,554
Support services	-	-	-	-	-	-	18,529	-	6,325,984
Noninstructional services	-	-	-	-	-	-	-	-	1,359,939
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,277,340
Debt services	-	-	-	-	-	-	-	-	2,532,556
Interfund loans	-	6,704	4,357	-	-	-	31,318	2,657,751	2,751,912
Total disbursements	-	8,179	35,774	26,749	-	-	120,390	2,657,751	21,384,285
Excess (deficiency) of receipts over disbursements	6,233	-	-	-	-	-	-	(23,195)	292,699
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,993,700
Sale of capital assets	-	-	-	-	-	-	-	-	106,264
Transfers in	-	-	-	-	-	-	-	-	162,367
Transfers out	-	-	-	-	-	-	-	-	(162,366)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,099,965
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,233	-	-	-	-	-	-	(23,195)	2,392,664
Cash and investments - ending	\$ 14,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,897	\$ 6,951,446

NINEVEH-HENSLEY-JACKSON 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>\$ 467,160</u>	<u>\$ 23,628</u>

NINEVEH-HENSLEY-JACKSON 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.

	Ending Balance
Governmental activities:	
Land	\$ 2,309,956
Infrastructure	-
Buildings	12,918,663
Improvements other than buildings	-
Machinery, equipment, and vehicles	4,137,959
Books and other	-
Total capital assets	\$ 19,366,578

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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

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

TO: THE OFFICIALS OF THE NINEVEH-HENSLEY-JACKSON UNITED
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Nineveh-Hensley-Jackson 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 results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003, 2013-004, and 2013-005 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

NINEVEH-HENSLEY-JACKSON 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					
School Breakfast Program	INDIANA DEPARTMENT OF EDUCATION	10.553			
School Year 2011-2012			FY 2011-2012	\$ 49,551	
School Year 2012-2013			FY 2012-2013	-	43,418
Total - School Breakfast Program				<u>49,551</u>	<u>43,418</u>
National School Lunch Program	INDIANA DEPARTMENT OF EDUCATION	10.555			
School Year 2011-2012			FY 2011-2012	310,743	-
School Year 2012-2013			FY 2012-2013	-	289,533
Total - National School Lunch Program				<u>310,743</u>	<u>289,533</u>
Total - Child Nutrition Cluster				<u>360,294</u>	<u>332,951</u>
Total - U.S. DEPARTMENT OF AGRICULTURE				<u>360,294</u>	<u>332,951</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	INDIANA DEPARTMENT OF EDUCATION	84.010			
Title 1 2010-2011			11-4255	35,596	-
Title 1 2011-2012			12-4255	116,960	76,806
Title 1 2012-2013			13-4255	-	147,333
Total - Title I Grants to Local Educational Agencies				<u>152,556</u>	<u>224,139</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	INDIANA DEPARTMENT OF EDUCATION	84.389			
Title I 2011-2012			FY 2012	12,631	-
Total - ARRA Title I Grants to Local Educational Agencies, Recovery Act				<u>12,631</u>	<u>-</u>
Total - Title I, Part A Cluster				<u>165,187</u>	<u>224,139</u>

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

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

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 EDUCATION (continued)</u>					
ARRA - Special Education - Grants to States, Recovery Act Special Education 2011-2012	SPECIAL SERVICES, JOHNSON CTY SURROUND SCH	84.391	FY 2012	55,760	-
Total - ARRA Special Education - Grants to States, Recovery Act				55,760	-
Safe and Drug-Free Schools and Communities - State Grants Title IV, Part A Safe and Drug-Free Schools 2011-2012 Title IV, Part A Safe and Drug-Free Schools 2012-2013	INDIANA DEPARTMENT OF EDUCATION	84.186	FY2012 FY 2013	442 -	- 369
Total - Safe and Drug-Free Schools and Communities - State Grants				442	369
Improving Teacher Quality - State Grants Title II, Part A Teacher Quality LEA 2010-2012 Title II, Part A Teacher Quality LEA 2011-2013 Title II, Part A Teacher Quality LEA 2012-2014	INDIANA DEPARTMENT OF EDUCATION	84.367	FY11 FY12 FY13	44,275 7,533 -	8,179 35,774 22,582
Total - Improving Teacher Quality - State Grants				51,808	66,535
Educational Jobs Fund Education Jobs Fund 2011-2012	INDIANA DEPARTMENT OF EDUCATION	84.410	2011-2012	223,664	120,390
Total - Education Jobs Fund				223,664	120,390
Total - U.S. DEPARTMENT OF EDUCATION				496,861	411,433
Total federal awards expended				\$ 857,155	\$ 744,384

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

NINEVEH-HENSLEY-JACKSON 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 Nineveh-Hensley-Jackson 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	\$ 55,613	\$ 59,827

NINEVEH-HENSLEY-JACKSON UNITED 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?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts and payroll. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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)

FINDING 2013-002 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

The SEFA was prepared without any review by someone other than the person preparing it.

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)

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT

Federal Agency: U.S. Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year (or Other Identifying Number): 2011-2012
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement for the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk

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(Continued)

of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

A detailed listing of payroll is not reviewed or approved for Activities Allowed or Unallowed or Allowable Costs/Cost Principles by someone other than the person preparing the payroll.

Reimbursement Requests for the Education Jobs Fund were prepared by the Corporation Treasurer. These requests were not reviewed for accuracy by someone other than the person who prepared them.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2011-2012, FY 2012-2013
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Reimbursement requests are prepared by the Food Service Director, and are not reviewed for accuracy by another School Corporation employee.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

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

FINDING 2013-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2011-2012, FY 2012-2013
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system over compliance for allowable costs/cost principles. The failure to establish an effective internal control system places the School Corporation at risk of material noncompliance.

Employees of the School Corporation who were paid from the school lunch fund worked solely for the grant purposes and were not paid from other funds. These employees were required to complete a semi-annual certification in order to comply with the required time and effort reporting. No semiannual certifications were presented for the audit period.

OMB Circular A 87, Attachment B, item 8(h), states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

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(Continued)

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

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

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

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls to ensure all grant requirements are complied with. Additionally, we recommend the School Corporation prepare semiannual certifications in order to comply with the time and effort reporting requirements.

CORRECTIVE ACTION PLAN

Date 3/17/14

Section II – Financial Statement Findings

FINDING 2013 - 001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person: Debra Carter
Contact Number: 317-878-2103

Anticipated Completion Date: 3/17/14

Corrective Action:

Starting immediately Nineveh-Hensley-Jackson USC will print a detailed Payroll Claim Listing showing employee name and gross pay. This will be included in the board packet for board approval.

The revenue is entered by the Administrative Secretary and balanced then given to the Business Manager for posting. After posting the Deputy Treasurer or Superintendent will verify and sign the Receipt posting.

FINDING 2013 - 002 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

When the annual Schedule of Expenditures (SEFA) report is prepared, the Business Manager will work with the Superintendent to make sure all information is accurate and correct. Nineveh-Hensley-Jackson will implement internal control procedures that will involve the Deputy Treasurer to review the report prior to submission. The Superintendent will review and initial final report.

Section III Findings – Federal Award Findings and Questioned Costs

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT

Federal Agency: Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number and Year (or Other Identifying Number): 2011-2012
Pass-Through Entity: Indiana Department of Education

Contact Person: Debra Carter
Contact Number: 317-878-2103

Anticipated Completion Date 3/17/14

Corrective Action:

Effective immediately, Nineveh-Hensley-Jackson USC will implement a plan and procedure to insure grant reimbursements are verified by someone other than the person creating the report. All expenditure approvals for grants currently come directly from the Grant Administrator and is approved by the Business

Manager. Revenue and reimbursement payments are entered by the Administrative Secretary and approved and posted by the Business Manager.

Starting immediately Nineveh-Hensley-Jackson USC will print from a detailed Payroll Claim Listing showing employee name and gross pay. This will be included in the board packet for board approval.

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2011-2012 and FY 2012-2013
Pass-Through Entity: Indiana Department of Education

Contact Person: Carol Schaaf
Contact Number: 317-878-2169

Anticipated Completion Date 3/17/14

Nineveh-Hensley-Jackson USC will implement a plan and procedure to have the school lunch reports and reimbursements reviewed by the Head Cook of the MS/HS Cafeteria and verified by the Cafeteria Director. This is effective immediately.

FINDING 2013-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2011-2012 and FY 2012-2013
Pass-Through Entity: Indiana Department of Education

Contact Person: Debra Carter
Contact Number: 317-878-2103

Anticipated Completion Date 3/17/14

Nineveh-Hensley-Jackson USC will implement a plan to have all employees that are paid from grants and/or cafeteria funds certified by using the Distribution History Report from Komputrol. This will be done every 6 months. This report shows the employee and the fund number with gross pay by payroll date. This report will be verified by the Business Manager/Deputy Treasurer. The cafeteria report will be verified by the Cafeteria director. This plan is effective immediately.

Signed Debra E. Carter

Titled Business Manager
Date 3/17/14

NINEVEH-HENSLEY-JACKSON UNITED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2014, with Debra E. Carter, Treasurer; Dr. Rebecca Courtney-Knight, Superintendent of Schools (Interim); Kathy Vest, President of the School Board, and Terri Ellington, Deputy Treasurer.