

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTHERN WELLS COMMUNITY SCHOOLS
WELLS COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
06/03/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah L. Adams	07-01-12 to 06-30-16
Superintendent of Schools	Dr. Scott A. Mills	07-01-12 to 06-30-16
President of the School Board	Gene A. Donaghy R. Scott Elzey	01-01-12 to 12-31-13 01-01-14 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTHERN WELLS COMMUNITY SCHOOLS, WELLS COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Northern Wells Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is April 26, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

January 13, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is April 26, 2016



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 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 NORTHERN WELLS COMMUNITY SCHOOLS, WELLS 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 Northern Wells Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 13, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is April 26, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Northern Wells Community Schools' 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

January 13, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is April 26, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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NORTHERN WELLS COMMUNITY SCHOOLS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 2,754,966	\$ 15,266,144	\$ 14,852,572	\$ 269,661	\$ 3,438,199	\$ 14,406,493	\$ 14,364,394	\$ 31,591	\$ 3,511,889	\$ 1,097,873
Debt Service	993,472	2,041,831	2,045,625	83,000	1,072,678	1,961,089	2,049,246	113,352	1,097,873	106,476
Retirement/Severance Bond Debt Service	52,768	433,691	374,907	-	111,552	358,311	363,387	-	106,476	411,435
Referendum Debt Exempt Capital	-	725,240	495,000	26,385	256,625	1,173,695	992,500	(26,385)	411,435	1,009,788
Capital Projects	1,463,156	1,804,332	2,215,159	67,348	1,119,677	1,907,057	2,124,910	107,964	1,009,788	709,184
School Transportation	323,937	1,401,219	1,352,876	121,001	493,281	1,360,451	1,223,785	79,237	709,184	729,412
School Bus Replacement	584,991	330,999	364,840	13,276	564,426	154,395	-	10,591	729,412	196,053
Rainy Day	196,053	-	-	-	196,053	-	-	-	196,053	50,813
Construction	-	7,069	1,399,845	4,884,229	3,491,453	4,945	3,445,585	-	50,813	108,544
School Lunch	54,623	893,258	962,106	33,567	19,342	1,010,008	920,806	-	108,544	354,525
Textbook Rental	92,852	229,071	125,019	-	196,904	216,819	59,198	-	354,525	-
Levy Excess	33,494	-	-	(33,494)	-	-	-	-	-	-
Joint Services and Supply - Area Vocational School	4,387	48,943	53,330	-	-	22,055	22,055	-	-	-
Child Care Program	(473)	58,607	62,807	-	(4,673)	65,466	65,886	-	(5,093)	207
Educational License Plates	244	169	375	-	38	169	-	-	207	-
Alternative Education	-	11,466	11,466	-	-	10,800	10,800	-	-	-
2011-12 IAC Grant/ Reimbursable	800	745	1,545	-	-	-	-	-	-	-
IAC Grant for 2012-13 School Year	-	2,250	2,962	-	(712)	750	38	-	-	-
SWCD Educational Art Grant	-	500	500	-	-	-	-	-	-	-
National Energy Foundation - Lancaster	-	-	-	-	-	110	110	-	-	-
IAC Grant for 2013-14 School Year	-	-	-	-	-	2,250	2,948	-	(698)	-
Wells County Foundation Grant	-	-	-	-	-	995	-	-	995	-
NMS Wells County Foundation Grant	-	-	-	-	-	2,000	2,000	-	-	-
Ecolab Foundation	14	-	-	-	14	-	14	-	-	-
Ossian Outdoor Lab Grant 2011	200	-	200	-	-	-	-	-	-	-
Ossian Outdoor Lab - Wal-Mart Grant	1,000	-	911	-	89	-	89	-	-	-
Outdoor Lab/Naturally Speaking	-	800	800	-	-	800	800	-	-	-
Teacher of the Year 2007-08	63	-	63	-	-	-	-	-	-	-
Teacher of the Year 2011	61	-	61	-	-	-	-	-	-	-
Teacher of the Year 2014	-	-	-	-	-	500	-	-	500	-
Special Ed Speech and Language Department	-	90	90	-	-	-	-	-	-	-
Special Ed Speech Department	-	100	100	-	-	-	-	-	-	-
Sports Workers Extra-Curricular Salaries	4,041	13,174	13,794	(4,041)	(620)	12,810	12,593	-	(403)	-
Transportation Extra-Curricular Salaries	(19,487)	31,168	30,603	4,041	(14,881)	22,603	27,909	-	(20,187)	-
AWSS-Reimbursement Teacher Conference Home Instruction	(2,818)	2,928	-	(110)	-	-	-	-	-	-
Aquatics	5,005	5,048	7,061	-	2,992	5,980	5,188	-	3,784	-
CPR/AED and Lifeguard Training	-	2,415	612	-	1,803	1,288	457	-	2,634	-
Alternative School Technology Grant	2,553	-	646	-	1,907	-	1,016	-	891	-
Special Education Improvement Award	-	69,545	69,545	-	-	-	-	-	-	-
High Ability Grant	489	33,109	33,021	-	577	32,705	32,247	-	1,035	-
Medicaid Reimbursement	4,184	20,778	-	(18,584)	6,378	33,042	-	(27,440)	11,980	-
English Language Enrichment Reimbursement	-	2,194	2,194	-	-	1,944	1,406	(30)	508	-
State Connectivity	52	8,145	8,197	-	-	8,141	6,003	-	2,138	-
Driver Education Program	30,494	44,141	51,377	(4,788)	18,470	30,464	39,122	(4,121)	5,691	-
Langford Seminars	17,165	16,800	2,048	-	31,917	-	31,917	-	-	-
Reimbursement Fund for Flu Shots	2,048	4,806	1,005	-	5,849	4,570	8,304	-	2,115	-
Excess PTRC Distributions	-	277,611	-	(277,611)	-	314,429	-	(284,759)	29,670	-
Title I 2011-12 School Year	(17,229)	95,997	65,294	(13,474)	-	-	-	-	-	-
2012-13 Title I	-	164,984	185,519	13,474	(7,061)	54,939	47,878	-	-	-
Title I 2013-14	-	-	-	-	-	202,676	224,290	-	(21,614)	-
Title II, Part A	(2,986)	87,769	85,995	-	(1,212)	39,088	46,089	-	(8,213)	-
Title III - English Proficiency	1,967	-	1,967	-	-	-	-	-	-	-
Title III	(1,168)	4,133	3,673	-	(708)	848	2,270	-	(2,130)	-
Education Jobs	(26,438)	82,385	55,947	-	-	-	-	-	-	-
Clearing	52,197	3,650,252	3,662,672	-	39,777	3,753,428	3,788,092	-	5,113	-
Totals	\$ 6,606,677	\$ 27,873,906	\$ 28,604,329	\$ 5,163,880	\$ 11,040,134	\$ 27,178,113	\$ 29,923,332	\$ -	\$ 8,294,915	

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

NORTHERN WELLS COMMUNITY SCHOOLS
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.

NORTHERN WELLS COMMUNITY SCHOOLS
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.

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.

F. Other Financing Sources and Uses

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

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

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.

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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.

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant fund expenditures that have not been reimbursed by June 30, 2013, or June 30, 2014.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with Northern Wells Community Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2013 and 2014, for the Lancaster Elementary School Building, totaled \$1,842,000 and \$1,845,000, respectively. Lease payments

NORTHERN WELLS COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

during the years ended June 30, 2013 and 2014, for the Norwell High School Renovation, totaled \$495,000 and \$990,000, respectively. Lease payments during the years ended June 30, 2013 and 2014, for the Norwell Middle School, Norwell High School and Ossian Elementary Building Improvements, totaled \$144,150 and \$202,745, respectively.

Note 9. Subsequent Events

On July 2, 2014, the School Corporation entered into a capital lease of \$1,225,085 for iPads.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

NORTHERN WELLS COMMUNITY SCHOOLS
 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	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 2,754,966	\$ 993,472	\$ 52,768	\$ -	\$ 1,463,156	\$ 323,937	\$ 584,991	\$ 196,053
Receipts:								
Local sources	889,827	2,041,831	433,691	725,240	1,672,784	1,388,177	330,999	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	14,376,216	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	101	-	-	-	131,548	13,042	-	-
Total receipts	<u>15,266,144</u>	<u>2,041,831</u>	<u>433,691</u>	<u>725,240</u>	<u>1,804,332</u>	<u>1,401,219</u>	<u>330,999</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	9,623,771	-	-	-	-	-	-	-
Support services	3,750,454	3,355	-	-	1,547,377	1,352,876	364,840	-
Noninstructional services	664,931	-	-	-	-	-	-	-
Facilities acquisition and construction	813,416	-	-	-	667,782	-	-	-
Debt services	-	2,042,270	374,907	495,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>14,852,572</u>	<u>2,045,625</u>	<u>374,907</u>	<u>495,000</u>	<u>2,215,159</u>	<u>1,352,876</u>	<u>364,840</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>413,572</u>	<u>(3,794)</u>	<u>58,784</u>	<u>230,240</u>	<u>(410,827)</u>	<u>48,343</u>	<u>(33,841)</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	303,320	91,933	-	26,385	74,558	127,126	14,702	-
Transfers out	(33,659)	(8,933)	-	-	(7,210)	(6,125)	(1,426)	-
Total other financing sources (uses)	<u>269,661</u>	<u>83,000</u>	<u>-</u>	<u>26,385</u>	<u>67,348</u>	<u>121,001</u>	<u>13,276</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>683,233</u>	<u>79,206</u>	<u>58,784</u>	<u>256,625</u>	<u>(343,479)</u>	<u>169,344</u>	<u>(20,565)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,438,199</u>	<u>\$ 1,072,678</u>	<u>\$ 111,552</u>	<u>\$ 256,625</u>	<u>\$ 1,119,677</u>	<u>\$ 493,281</u>	<u>\$ 564,426</u>	<u>\$ 196,053</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Construction	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Area Vocational School	Child Care Program	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ -	\$ 54,623	\$ 92,852	\$ 33,494	\$ 4,387	\$ (473)	\$ 244	\$ -
Receipts:								
Local sources	7,069	599,230	169,361	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	169	-
State sources	-	14,958	59,710	-	-	58,459	-	11,466
Federal sources	-	277,975	-	-	48,943	-	-	-
Other	-	1,095	-	-	-	148	-	-
Total receipts	<u>7,069</u>	<u>893,258</u>	<u>229,071</u>	<u>-</u>	<u>48,943</u>	<u>58,607</u>	<u>169</u>	<u>11,466</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	53,330	-	-	11,466
Support services	-	8,610	125,019	-	-	-	375	-
Noninstructional services	-	953,496	-	-	-	62,807	-	-
Facilities acquisition and construction	1,399,845	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>1,399,845</u>	<u>962,106</u>	<u>125,019</u>	<u>-</u>	<u>53,330</u>	<u>62,807</u>	<u>375</u>	<u>11,466</u>
Excess (deficiency) of receipts over disbursements	<u>(1,392,776)</u>	<u>(68,848)</u>	<u>104,052</u>	<u>-</u>	<u>(4,387)</u>	<u>(4,200)</u>	<u>(206)</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	5,163,880	-	-	-	-	-	-	-
Transfers in	-	33,567	-	31,987	-	-	-	-
Transfers out	<u>(279,651)</u>	<u>-</u>	<u>-</u>	<u>(65,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>4,884,229</u>	<u>33,567</u>	<u>-</u>	<u>(33,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>3,491,453</u>	<u>(35,281)</u>	<u>104,052</u>	<u>(33,494)</u>	<u>(4,387)</u>	<u>(4,200)</u>	<u>(206)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,491,453</u>	<u>\$ 19,342</u>	<u>\$ 196,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,673)</u>	<u>\$ 38</u>	<u>\$ -</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	2011-12 IAC Grant/ Reimbursable	IAC Grant for 2012-13 School Year	SWCD Educational Art Grant	National Energy Foundation - Lancaster	IAC Grant for 2013-14 School Year	Wells County Foundation Grant	NMS Wells County Foundation Grant	Ecolab Foundation
Cash and investments - beginning	\$ 800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14
Receipts:								
Local sources	-	-	500	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	745	2,250	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>745</u>	<u>2,250</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	1,545	2,962	500	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>1,545</u>	<u>2,962</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(800)</u>	<u>(712)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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>(800)</u>	<u>(712)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (712)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Ossian Outdoor Lab Grant 2011	Ossian Outdoor Lab - Wal-Mart Grant	Outdoor Lab/ Naturally Speaking	Teacher of the Year 2007-08	Teacher of the Year 2011	Teacher of the Year 2014	Special Ed Speech and Language Department	Special Ed Speech Department
Cash and investments - beginning	\$ 200	\$ 1,000	\$ -	\$ 63	\$ 61	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	800	-	-	-	90	100
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	800	-	-	-	90	100
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	90	100
Support services	200	100	800	63	61	-	-	-
Noninstructional services	-	811	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	200	911	800	63	61	-	90	100
Excess (deficiency) of receipts over disbursements	(200)	(911)	-	(63)	(61)	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(200)	(911)	-	(63)	(61)	-	-	-
Cash and investments - ending	\$ -	\$ 89	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Sports Workers Extra-Curricular Salaries	Transportation Extra-Curricular Salaries	AWSS- Reimbursement Teacher Conference Home Instruction	Aquatics	CPR/AED and Lifeguard Training	Alternative School Technology Grant	Special Education Improvement Award	High Ability Grant
Cash and investments - beginning	\$ 4,041	\$ (19,487)	\$ (2,818)	\$ 5,005	\$ -	\$ 2,553	\$ -	\$ 489
Receipts:								
Local sources	13,174	31,168	2,928	5,048	2,415	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	69,545	33,109
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	13,174	31,168	2,928	5,048	2,415	-	69,545	33,109
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	33,021
Support services	13,794	30,603	-	7,061	483	646	69,545	-
Noninstructional services	-	-	-	-	129	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	13,794	30,603	-	7,061	612	646	69,545	33,021
Excess (deficiency) of receipts over disbursements	(620)	565	2,928	(2,013)	1,803	(646)	-	88
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	4,041	-	-	-	-	-	-
Transfers out	(4,041)	-	(110)	-	-	-	-	-
Total other financing sources (uses)	(4,041)	4,041	(110)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,661)	4,606	2,818	(2,013)	1,803	(646)	-	88
Cash and investments - ending	\$ (620)	\$ (14,881)	\$ -	\$ 2,992	\$ 1,803	\$ 1,907	\$ -	\$ 577

NORTHERN WELLS COMMUNITY SCHOOLS
 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	English Language Enrichment Reimbursement	State Connectivity	Driver Education Program	Langford Seminars	Reimbursement Fund for Flu Shots	Excess PTRC Distributions	Title I 2011-12 School Year
Cash and investments - beginning	\$ 4,184	\$ -	\$ 52	\$ 30,494	\$ 17,165	\$ 2,048	\$ -	\$ (17,229)
Receipts:								
Local sources	-	-	-	44,141	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	20,778	2,194	8,145	-	-	-	277,611	10,426
Federal sources	-	-	-	-	-	-	-	85,571
Other	-	-	-	-	16,800	4,806	-	-
Total receipts	20,778	2,194	8,145	44,141	16,800	4,806	277,611	95,997
Disbursements:								
Current:								
Instruction	-	-	-	23,311	-	-	-	46,436
Support services	-	2,194	8,197	-	575	1,005	-	18,858
Noninstructional services	-	-	-	28,066	1,473	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	2,194	8,197	51,377	2,048	1,005	-	65,294
Excess (deficiency) of receipts over disbursements	20,778	-	(52)	(7,236)	14,752	3,801	277,611	30,703
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(18,584)	-	-	(4,788)	-	-	(277,611)	(13,474)
Total other financing sources (uses)	(18,584)	-	-	(4,788)	-	-	(277,611)	(13,474)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,194	-	(52)	(12,024)	14,752	3,801	-	17,229
Cash and investments - ending	\$ 6,378	\$ -	\$ -	\$ 18,470	\$ 31,917	\$ 5,849	\$ -	\$ -

NORTHERN WELLS COMMUNITY SCHOOLS
 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 2013-14	Title II, Part A	Title III - English Proficiency	Title III	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (2,986)	\$ 1,967	\$ (1,168)	\$ (26,438)	\$ 52,197	\$ 6,606,677
Receipts:								
Local sources	-	-	-	-	-	-	-	8,358,573
Intermediate sources	-	-	-	-	-	-	-	169
State sources	-	-	-	-	-	-	-	14,945,612
Federal sources	164,984	-	87,769	-	4,133	82,385	-	751,760
Other	-	-	-	-	-	-	3,650,252	3,817,792
Total receipts	<u>164,984</u>	<u>-</u>	<u>87,769</u>	<u>-</u>	<u>4,133</u>	<u>82,385</u>	<u>3,650,252</u>	<u>27,873,906</u>
Disbursements:								
Current:								
Instruction	108,958	-	-	-	-	55,148	-	9,955,631
Support services	76,489	-	85,995	1,967	3,673	799	-	7,476,014
Noninstructional services	72	-	-	-	-	-	-	1,716,792
Facilities acquisition and construction	-	-	-	-	-	-	-	2,881,043
Debt services	-	-	-	-	-	-	-	2,912,177
Nonprogrammed charges	-	-	-	-	-	-	3,662,672	3,662,672
Total disbursements	<u>185,519</u>	<u>-</u>	<u>85,995</u>	<u>1,967</u>	<u>3,673</u>	<u>55,947</u>	<u>3,662,672</u>	<u>28,604,329</u>
Excess (deficiency) of receipts over disbursements	<u>(20,535)</u>	<u>-</u>	<u>1,774</u>	<u>(1,967)</u>	<u>460</u>	<u>26,438</u>	<u>(12,420)</u>	<u>(730,423)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	5,163,880
Transfers in	13,474	-	-	-	-	-	-	721,093
Transfers out	-	-	-	-	-	-	-	(721,093)
Total other financing sources (uses)	<u>13,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,163,880</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,061)</u>	<u>-</u>	<u>1,774</u>	<u>(1,967)</u>	<u>460</u>	<u>26,438</u>	<u>(12,420)</u>	<u>4,433,457</u>
Cash and investments - ending	<u>\$ (7,061)</u>	<u>\$ -</u>	<u>\$ (1,212)</u>	<u>\$ -</u>	<u>\$ (708)</u>	<u>\$ -</u>	<u>\$ 39,777</u>	<u>\$ 11,040,134</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,438,199	\$ 1,072,678	\$ 111,552	\$ 256,625	\$ 1,119,677	\$ 493,281	\$ 564,426	\$ 196,053
Receipts:								
Local sources	421,973	1,910,142	358,311	1,173,695	1,870,166	1,359,312	154,395	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	13,984,520	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	50,947	-	-	36,891	1,139	-	-
Total receipts	<u>14,406,493</u>	<u>1,961,089</u>	<u>358,311</u>	<u>1,173,695</u>	<u>1,907,057</u>	<u>1,360,451</u>	<u>154,395</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	9,483,103	-	-	-	-	-	-	-
Support services	4,103,876	-	-	-	1,708,217	1,223,785	-	-
Noninstructional services	777,415	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	416,693	-	-	-
Debt services	-	2,049,246	363,387	992,500	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>14,364,394</u>	<u>2,049,246</u>	<u>363,387</u>	<u>992,500</u>	<u>2,124,910</u>	<u>1,223,785</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>42,099</u>	<u>(88,157)</u>	<u>(5,076)</u>	<u>181,195</u>	<u>(217,853)</u>	<u>136,666</u>	<u>154,395</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	31,591	113,352	-	8,795	107,964	79,237	10,591	-
Transfers out	-	-	-	(35,180)	-	-	-	-
Total other financing sources (uses)	<u>31,591</u>	<u>113,352</u>	<u>-</u>	<u>(26,385)</u>	<u>107,964</u>	<u>79,237</u>	<u>10,591</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>73,690</u>	<u>25,195</u>	<u>(5,076)</u>	<u>154,810</u>	<u>(109,889)</u>	<u>215,903</u>	<u>164,986</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,511,889</u>	<u>\$ 1,097,873</u>	<u>\$ 106,476</u>	<u>\$ 411,435</u>	<u>\$ 1,009,788</u>	<u>\$ 709,184</u>	<u>\$ 729,412</u>	<u>\$ 196,053</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Construction	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Area Vocational School	Child Care Program	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 3,491,453	\$ 19,342	\$ 196,904	\$ -	\$ -	\$ (4,673)	\$ 38	\$ -
Receipts:								
Local sources	4,945	564,788	161,448	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	169	-
State sources	-	13,565	55,371	-	-	65,466	-	10,800
Federal sources	-	431,655	-	-	22,055	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>4,945</u>	<u>1,010,008</u>	<u>216,819</u>	<u>-</u>	<u>22,055</u>	<u>65,466</u>	<u>169</u>	<u>10,800</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	22,055	-	-	10,800
Support services	-	2,559	59,198	-	-	-	-	-
Noninstructional services	-	918,247	-	-	-	65,886	-	-
Facilities acquisition and construction	3,445,585	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>3,445,585</u>	<u>920,806</u>	<u>59,198</u>	<u>-</u>	<u>22,055</u>	<u>65,886</u>	<u>-</u>	<u>10,800</u>
Excess (deficiency) of receipts over disbursements	<u>(3,440,640)</u>	<u>89,202</u>	<u>157,621</u>	<u>-</u>	<u>-</u>	<u>(420)</u>	<u>169</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,440,640)</u>	<u>89,202</u>	<u>157,621</u>	<u>-</u>	<u>-</u>	<u>(420)</u>	<u>169</u>	<u>-</u>
Cash and investments - ending	<u>\$ 50,813</u>	<u>\$ 108,544</u>	<u>\$ 354,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,093)</u>	<u>\$ 207</u>	<u>\$ -</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	2011-12 IAC Grant/ Reimbursable	IAC Grant for 2012-13 School Year	SWCD Educational Art Grant	National Energy Foundation - Lancaster	IAC Grant for 2013-14 School Year	Wells County Foundation Grant	NMS Wells County Foundation Grant	Ecolab Foundation
Cash and investments - beginning	\$ -	\$ (712)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14
Receipts:								
Local sources	-	-	-	110	-	995	2,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	750	-	-	2,250	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	750	-	110	2,250	995	2,000	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	110	-	-	2,000	14
Noninstructional services	-	38	-	-	2,948	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	38	-	110	2,948	-	2,000	14
Excess (deficiency) of receipts over disbursements	-	712	-	-	(698)	995	-	(14)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	712	-	-	(698)	995	-	(14)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (698)	\$ 995	\$ -	\$ -

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Ossian Outdoor Lab Grant 2011	Ossian Outdoor Lab - Wal-Mart Grant	Outdoor Lab/ Naturally Speaking	Teacher of the Year 2007-08	Teacher of the Year 2011	Teacher of the Year 2014	Special Ed Speech and Language Department	Special Ed Speech Department
Cash and investments - beginning	\$ -	\$ 89	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	800	-	-	500	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	800	-	-	500	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	800	-	-	-	-	-
Noninstructional services	-	89	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	89	800	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(89)	-	-	-	500	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(89)	-	-	-	500	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Sports Workers Extra-Curricular Salaries	Transportation Extra-Curricular Salaries	AWSS- Reimbursement Teacher Conference Home Instruction	Aquatics	CPR/AED and Lifeguard Training	Alternative School Technology Grant	Special Education Improvement Award	High Ability Grant
Cash and investments - beginning	\$ (620)	\$ (14,881)	\$ -	\$ 2,992	\$ 1,803	\$ 1,907	\$ -	\$ 577
Receipts:								
Local sources	12,810	22,603	-	5,980	1,288	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	32,705
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>12,810</u>	<u>22,603</u>	<u>-</u>	<u>5,980</u>	<u>1,288</u>	<u>-</u>	<u>-</u>	<u>32,705</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	32,170
Support services	12,593	27,909	-	5,188	457	1,016	-	77
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,593</u>	<u>27,909</u>	<u>-</u>	<u>5,188</u>	<u>457</u>	<u>1,016</u>	<u>-</u>	<u>32,247</u>
Excess (deficiency) of receipts over disbursements	<u>217</u>	<u>(5,306)</u>	<u>-</u>	<u>792</u>	<u>831</u>	<u>(1,016)</u>	<u>-</u>	<u>458</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>217</u>	<u>(5,306)</u>	<u>-</u>	<u>792</u>	<u>831</u>	<u>(1,016)</u>	<u>-</u>	<u>458</u>
Cash and investments - ending	<u>\$ (403)</u>	<u>\$ (20,187)</u>	<u>\$ -</u>	<u>\$ 3,784</u>	<u>\$ 2,634</u>	<u>\$ 891</u>	<u>\$ -</u>	<u>\$ 1,035</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Medicaid Reimbursement	English Language Enrichment Reimbursement	State Connectivity	Driver Education Program	Langford Seminars	Reimbursement Fund for Flu Shots	Excess PTRC Distributions	Title I 2011-12 School Year
Cash and investments - beginning	\$ 6,378	\$ -	\$ -	\$ 18,470	\$ 31,917	\$ 5,849	\$ -	\$ -
Receipts:								
Local sources	-	-	-	30,464	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	33,042	1,944	8,141	-	-	-	314,429	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	4,570	-	-
Total receipts	<u>33,042</u>	<u>1,944</u>	<u>8,141</u>	<u>30,464</u>	<u>-</u>	<u>4,570</u>	<u>314,429</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	8,415	-	-	-	-
Support services	-	1,406	6,003	75	31,917	8,304	-	-
Noninstructional services	-	-	-	30,632	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,406</u>	<u>6,003</u>	<u>39,122</u>	<u>31,917</u>	<u>8,304</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>33,042</u>	<u>538</u>	<u>2,138</u>	<u>(8,658)</u>	<u>(31,917)</u>	<u>(3,734)</u>	<u>314,429</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(27,440)</u>	<u>(30)</u>	<u>-</u>	<u>(4,121)</u>	<u>-</u>	<u>-</u>	<u>(284,759)</u>	<u>-</u>
Total other financing sources (uses)	<u>(27,440)</u>	<u>(30)</u>	<u>-</u>	<u>(4,121)</u>	<u>-</u>	<u>-</u>	<u>(284,759)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>5,602</u>	<u>508</u>	<u>2,138</u>	<u>(12,779)</u>	<u>(31,917)</u>	<u>(3,734)</u>	<u>29,670</u>	<u>-</u>
Cash and investments - ending	<u>\$ 11,980</u>	<u>\$ 508</u>	<u>\$ 2,138</u>	<u>\$ 5,691</u>	<u>\$ -</u>	<u>\$ 2,115</u>	<u>\$ 29,670</u>	<u>\$ -</u>

NORTHERN WELLS COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	2012-13 Title I	Title I 2013-14	Title II, Part A	Title III - English Proficiency	Title III	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ (7,061)	\$ -	\$ (1,212)	\$ -	\$ (708)	\$ -	\$ 39,777	\$ 11,040,134
Receipts:								
Local sources	-	-	-	-	-	-	-	8,056,725
Intermediate sources	-	-	-	-	-	-	-	169
State sources	-	-	-	-	-	-	-	14,522,983
Federal sources	54,939	202,676	39,088	-	848	-	-	751,261
Other	-	-	-	-	-	-	3,753,428	3,846,975
Total receipts	<u>54,939</u>	<u>202,676</u>	<u>39,088</u>	<u>-</u>	<u>848</u>	<u>-</u>	<u>3,753,428</u>	<u>27,178,113</u>
Disbursements:								
Current:								
Instruction	28,326	207,045	-	-	-	-	-	9,791,914
Support services	19,552	16,777	46,089	-	2,270	-	-	7,280,192
Noninstructional services	-	468	-	-	-	-	-	1,795,723
Facilities acquisition and construction	-	-	-	-	-	-	-	3,862,278
Debt services	-	-	-	-	-	-	-	3,405,133
Nonprogrammed charges	-	-	-	-	-	-	3,788,092	3,788,092
Total disbursements	<u>47,878</u>	<u>224,290</u>	<u>46,089</u>	<u>-</u>	<u>2,270</u>	<u>-</u>	<u>3,788,092</u>	<u>29,923,332</u>
Excess (deficiency) of receipts over disbursements	<u>7,061</u>	<u>(21,614)</u>	<u>(7,001)</u>	<u>-</u>	<u>(1,422)</u>	<u>-</u>	<u>(34,664)</u>	<u>(2,745,219)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	351,530
Transfers out	-	-	-	-	-	-	-	(351,530)
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>7,061</u>	<u>(21,614)</u>	<u>(7,001)</u>	<u>-</u>	<u>(1,422)</u>	<u>-</u>	<u>(34,664)</u>	<u>(2,745,219)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (21,614)</u>	<u>\$ (8,213)</u>	<u>\$ -</u>	<u>\$ (2,130)</u>	<u>\$ -</u>	<u>\$ 5,113</u>	<u>\$ 8,294,915</u>

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 426,685</u>	<u>\$ 25,603</u>

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Covenant Financial Services Inc.	Radio Bridge Equipment	\$ 71,460	3/25/2014	3/25/2016
De Lage Landen Public Financing	Copy Machines	14,026	7/17/2013	6/30/2018
Northern Wells Community School Building Corporation	First Mortgage Refunding Bonds Series 2007	1,846,000	04/03/2007	06/30/2023
Northern Wells Community School Building Corporation	Unlimited Ad Valorem Property Tax First Mortgage Bonds Series 2012	990,000	01/09/2013	12/31/2032
Northern Wells Community School Building Corporation	Qualified School Construction Bonds (QSCB)	<u>144,150</u>	12/09/2010	01/01/2026
Total of annual lease payments		<u>\$ 3,065,636</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Bond - School Severance 2013 Refunding Bonds Series 4 through Series 7	\$ 1,825,000	\$ 181,405
Totals		<u>\$ 1,825,000</u>	<u>\$ 181,405</u>

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NORTHERN WELLS COMMUNITY SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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	\$ 183,444
Buildings	48,765,096
Improvements other than buildings	5,459,945
Machinery, equipment, and vehicles	7,128,952
Construction in progress	4,749,210
 Total capital assets	 \$ 66,286,647

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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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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 NORTHERN WELLS COMMUNITY SCHOOLS, WELLS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Northern Wells Community Schools' (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, 2012 to June 30, 2014. 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, 2012 to June 30, 2014.

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

Other Matters

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated January 13, 2015. The Schedule of Expenditures of Federal Awards has been revised to correct a misstatement. This correction changed the determination of the major programs. The Special Education Cluster (IDEA) was also audited as a major program due to the change.

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 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

January 13, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is April 26, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and June 30, 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY12-13	\$ 20,242	\$ -
			FY13-14	-	32,208
Total - School Breakfast Program				<u>20,242</u>	<u>32,208</u>
National School Lunch Program	Indiana Department of Education	10.555			
			FY12-13	334,138	-
			FY13-14	-	475,414
Total - National School Lunch Program				<u>334,138</u>	<u>475,414</u>
Total - Child Nutrition Cluster				<u>354,380</u>	<u>507,622</u>
Total - Department of Agriculture				<u>354,380</u>	<u>507,622</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-8435	85,571	-
			13-8435	164,984	54,939
			14-8435	-	202,676
Total - Title I, Part A Cluster				<u>250,555</u>	<u>257,615</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14213-001-PN01	362,850	169,747
			14214-001-PN01	-	353,115
			99914-001-TA01	-	8,302
Total - Special Education - Grants to States				<u>362,850</u>	<u>531,164</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			14713-001-PN01	7,815	6,296
			45714-001-PN01	-	11,192
Total - Special Education - Preschool Grants				<u>7,815</u>	<u>17,488</u>
Total - Special Education Cluster (IDEA)				<u>370,665</u>	<u>548,652</u>

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

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and June 30, 2014
(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 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			11-8435	45,455	-
			12-8435	42,314	14,823
			13-8435	-	24,265
				<u>87,769</u>	<u>39,088</u>
Total - Improving Teacher Quality State Grants					
English Language Acquisition State Grants	Dekalb County Central United School District	84.365			
			01112-1060-PN01	4,133	-
			01113-101-PN01	-	848
				<u>4,133</u>	<u>848</u>
Total - English Language Acquisition State Grants					
Career and Technical Education - Basic Grants to States	Bluffton-Harrison Metropolitan School District	84.048			
			11-4700-8445	25,416	-
			12-4700-8445	23,527	-
			13-4700-8445	-	22,055
				<u>48,943</u>	<u>22,055</u>
Total - Career and Technical Education - Basic Grants to States					
Education Jobs Fund	Indiana Department of Education	84.410			
			FY11-12	26,438	-
			FY12-13	55,947	-
				<u>82,385</u>	<u>-</u>
Total - Education Jobs Fund					
Total - Department of Education				<u>844,450</u>	<u>868,258</u>
Total federal awards expended				<u>\$ 1,198,830</u>	<u>\$ 1,375,880</u>

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

NORTHERN WELLS COMMUNITY SCHOOLS
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 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	For the Year Ended, June 30, 2013	For the Year Ended, June 30, 2014
Child Nutrition Cluster:			
Food commodities:			
National School Lunch Program	10.555	\$ 76,405	\$ 75,967

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
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?	no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

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

FINDING 2014-001 - INTERNAL CONTROLS OVER THE 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.

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors for the 2012-2013 school year: Education Jobs Fund Grant was omitted in the amount of \$82,385, National School Lunch Program Commodities were omitted in the amount of \$76,405, National School Lunch Program was over reported by \$553, and Title I Grants to Local Educational Agencies was over reported by \$23,900. We noted the following error for the 2013-2014 school year: National School Lunch Program Commodities were omitted in the amount of \$75,967. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

NORTHERN WELLS COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness.

1. **Lack of Segregation of Duties:** The School Corporation has not separated incompatible activities related to cash and investments. Bank reconciliations were not being reviewed and approved by someone other than the person performing the depository reconciliations. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
2. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal control.

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

No matters are reportable.

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AUDITEE PREPARED DOCUMENT

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

Northern Wells Community Schools

312 North Jefferson Street,
Ossian, IN 46777

Telephone (260) 622-4125
Fax (260) 622-7893

Dr. Scott Mills, Superintendent

January 9, 2015

Finding 2014-001 – Internal Controls Over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA).

Contact person Responsible for Corrective Action: Deborah Adams
Contact Phone Number: 260-622-4125

Corrective Action Plan:

The School Corporation Treasurer will work to develop proper means to accurately track the Schedule of Expenditures of Federal Awards (SEFA) for Northern Wells Community Schools, the amounts received and disbursed, and the Federal agency and program. This may be done in the form of an electronic spreadsheet. The list will be reconciled monthly by both the Treasurer and Deputy Treasurer.

Anticipated Completion Date: Immediately

Finding 2014-002 – Internal Controls Over Financial Transactions and Reporting.

Contact person Responsible for Corrective Action: Deborah Adams
Contact Phone Number: 260-622-4125

Corrective Action Plan:

Budgetary Month-End Procedures will be prepared by the Treasurer, and reviewed by the Deputy Treasurer and will follow the check list on Attachment 1.

Payroll Procedures will be prepared by the Payroll Specialist and reviewed by the Treasurer and will follow the check list on Attachment 2.

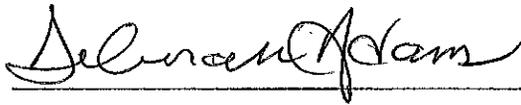
Internal Controls for the Accounts Payable Docket are already in place. However, a step will be added to the process to retain the documentation reviewed and will now be initialed and dated by the Treasurer before final submittal to the School Board. In addition, Accounts Payable postings by the Deputy Treasurer are reviewed by the Treasurer and the fund report and bank report will be initialed and dated by both parties. A fund and bank report are reviewed after every Accounts Payable posting.

Anticipated Completion Date: Immediately

Summary:

Every effort is made by the School Corporation to 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.

The additional review step has been added to offer controls over the receipting, disbursing, recording and accounting for the financial activities.



Deborah Adams, HR/Treasurer
Northern Wells Community Schools
HR/Treasurer
260-622-4125



Date

Budgetary Month-End Procedures:

_____ Month-to-date and year-to-date expended totals on appropriation report equal the month-to-date and year-to-date expended totals on fund Report

_____ Purchase order balance should equal the outstanding encumbrance total on the appropriation report

_____ Month-to-date and year-to-date revenue totals should equal the month to-date and year-to-date totals on the fund report

_____ Komputrol bank statement ending balance equals the current balance on the fund report

_____ Totals on Komputrol bank statement matches the totals on the bank statement

_____ Outstanding check report reviewed for any suspect entries

_____ Receipts posting journal total should equal the fund transaction posting

_____ Total of receipts posted to bank file should equal the receipt posting journal total

_____ Receipts reviewed for any suspect entries

MONTH _____

Prepared: _____ Date _____

Reviewed: _____ Date _____

Payroll Procedures:

_____ Review Payroll Trial Journal with exceptions sheet to review for accuracy. (time card hours, absences, sub teacher pay, etc.)

_____ Review Transportation Payroll Trial Journal with exceptions for accuracy.

_____ Review Food Service Payroll Trial Journal with exceptions for accuracy.

_____ Prepare Direct Deposit and upload to ProFed Credit Union. The deposit should be sent the day prior to payroll. Confirm that upload amount matches direct deposit amount on Payroll Trial Journal. Print confirmation of direct deposit making sure that dates and amounts are correct.

_____ Run pay advices and payroll checks after printing a correct trial journal. Print check register and make sure totals match trial journal. Print distribution report, deduction report, FICA and retirement report and payroll claim listing. Complete the ERM processing to send TRF & PERF file upload to INPRS.

_____ Post payroll and make sure payroll gross as well as taxes and annuities update correctly to the Employee Trial Balance. Make sure totals post correctly to budget, revenue and fund.

_____ Process payroll claims, pay federal taxes, annuities and upload file to INPRS with payment. Review confirmations that these payments were received.

Payroll Date: _____

Prepared: _____

Reviewed: _____

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.