

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
NOBLE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
02/11/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly A. Schlotterback	07-01-12 to 06-30-15
Superintendent of Schools	Dr. Christopher E. Daughtry	07-01-12 to 06-30-15
President of the School Board	Rodney P. Stayner	07-01-12 to 06-30-15



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CENTRAL NOBLE COMMUNITY SCHOOL
CORPORATION, NOBLE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Central Noble Community School Corporation (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 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 March 4, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is January 20, 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

March 4, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is January 20, 2016



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CENTRAL NOBLE COMMUNITY SCHOOL
CORPORATION, NOBLE 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 Central Noble Community School Corporation (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 March 4, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is January 20, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

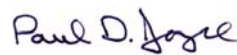
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Central Noble Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 4, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is January 20, 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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CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
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	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,076,754	\$ 8,206,964	\$ 8,441,773	\$ 100	\$ 842,045	\$ 8,026,700	\$ 8,695,454	\$ -	\$ 173,291
Debt Service	671,315	1,006,461	1,388,562	-	289,214	1,444,720	743,821	-	990,113
Retirement/Severance Bond Debt Service	15,377	178,679	142,717	-	51,339	177,376	143,708	-	85,007
Capital Projects	951,541	1,189,799	1,253,586	-	887,754	1,188,890	1,037,480	-	1,039,164
School Transportation	849,734	899,345	930,856	-	818,223	948,428	839,354	(325,000)	602,297
School Bus Replacement	102,475	123,261	17,553	-	208,183	146,191	158,478	-	195,896
Rainy Day	-	-	-	-	-	-	301,713	325,000	23,287
Retirement/Severance Bond	32,102	-	-	-	32,102	-	-	-	32,102
Construction	-	-	-	-	-	-	53,306	1,293,611	1,240,305
School Lunch	186,588	555,528	651,691	-	90,425	554,116	558,212	-	86,329
Textbook Rental	(187,833)	105,191	44,407	-	(127,049)	92,775	51,310	-	(85,584)
Self-Insurance	527,402	1,351,480	1,914,733	-	(35,851)	1,993,579	1,727,908	-	229,820
Educational License Plates	4,861	56	-	-	4,917	38	-	-	4,955
Alternative Education	-	5,808	5,808	-	-	3,240	3,240	-	-
Instruction Support	9,081	253	525	-	8,809	1,174	2,234	-	7,749
Grants SY2007-08	854	-	635	-	219	-	219	-	-
SY2009 - 10 Grants	7,327	-	596	-	6,731	-	-	-	6,731
Grants SY2008 - 09	4,919	-	895	-	4,024	-	223	-	3,801
SY2010 - 11 Grants	2,316	-	1,470	-	846	-	143	-	703
SY2011 - 12 Grants	10,509	-	7,260	-	3,249	-	529	-	2,720
SY2012 - 13 Grants	-	89,467	57,669	-	31,798	140	26,727	-	5,211
SY2013 - 14 Grants	-	6,000	-	-	6,000	67,406	48,661	-	24,745
SY2014 - 15 Grants	-	-	-	-	-	3,000	-	-	3,000
Scholarships and Awards	3,679	1,500	3,000	-	2,179	2,000	1,000	-	3,179
SY2011 - 12 High Ability	4,494	-	4,494	-	-	-	-	-	-
SY2012 - 13 High Ability	-	28,871	14,255	-	14,616	-	14,616	-	-
SY2013 - 14 High Ability Grant	-	-	-	-	-	28,768	14,192	-	14,576
Gifted/Talented 2006 - 07	3,092	-	-	-	3,092	-	-	-	3,092
Non-English Speaking Programs P.L. 273-1999	1,128	-	-	-	1,128	-	-	-	1,128
School Technology	22,852	24,703	24,014	-	23,541	24,819	16,011	-	32,349
Excess PTRC Distributions	25,943	-	-	-	25,943	-	25,943	-	-
2011 - 2012 Title I	(39,888)	80,212	40,324	-	-	-	-	-	-
2012 - 2013 Title I	-	98,950	134,011	-	(35,061)	81,983	46,922	-	-
2013 - 2014 Title I	-	-	-	-	-	94,129	117,212	-	(23,083)
Safe and Drug Free SY 2010-11	-	2,891	2,891	-	-	-	-	-	-
2010 - 11 IN Career/Tech Ed PLTW	47	-	-	-	47	-	-	-	47
SY08 - 09 Title II Part A	5,125	-	-	-	5,125	-	-	-	5,125
SY2010 - 11 Title II Part A	(1,916)	3,945	2,029	-	-	-	-	-	-
SY2011 - 12 Title II Part A	(4,741)	36,035	31,294	-	-	-	-	-	-
SY2012 - 13 Title II	-	8,460	11,433	-	(2,973)	23,486	21,121	-	(608)
Title III - Language Instruction	467	-	-	-	467	-	-	-	467
Education Jobs	(39,990)	39,990	-	-	-	-	-	-	-
In and Out Clearing	2,313	40,579	19,192	-	23,700	90,905	85,739	-	28,866
Food Service Trust	51,582	253,468	222,195	-	82,855	252,192	233,028	-	102,019
Payroll Withholdings	23,353	1,944,387	1,932,618	-	35,122	2,108,071	2,107,941	-	35,252
Totals	\$ 4,322,862	\$ 16,282,283	\$ 17,302,486	\$ 100	\$ 3,302,759	\$ 17,354,126	\$ 17,076,445	\$ 1,293,611	\$ 4,874,051

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

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

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

CENTRAL NOBLE COMMUNITY 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.

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 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:

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
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. The Textbook Rental fund has a deficit balance due to textbook assistance, non-payment by parents, and not being able to recoup the cost of all books. The Self-Insurance fund's deficit balance is due to timing of transfers.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporations

The School Corporation has entered into capital leases with Central Noble 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 for the Guaranteed Energy Savings Contract during the years ended June 30, 2013 and 2014, totaled \$47,602 and \$10,321, respectively. Lease payments for the Central Noble High School Addition during the year ended June 30, 2013, totaled \$803,540, which was the final payment for this lease.

The School Corporation has entered into a capital lease with Central Noble 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 for the Renovation of the Elementary Schools during the years ended June 30, 2013 and 2014, totaled \$293,500 and \$291,500, respectively.

The School Corporation has entered into capital leases with Central Noble 2012 Building Projects, Inc. (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 for the Albion Elementary Project during the years ended June 30, 2013 and 2014, totaled \$118,750 and \$221,000, respectively. Lease payments for the High School Project during the years ended June 30, 2013 and 2014, totaled \$118,750 and \$221,000, respectively. There were no lease payments made for the Central Noble MS/HS Project during the years ended June 30, 2013 and 2014.

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OTHER 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. 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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,076,754	\$ 671,315	\$ 15,377	\$ 951,541	\$ 849,734	\$ 102,475	\$ -	\$ 32,102
Receipts:								
Local sources	66,826	1,006,461	178,679	1,164,538	899,069	123,261	-	-
Intermediate sources	4	-	-	-	-	-	-	-
State sources	8,140,134	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	25,261	-	-	-	-
Other	-	-	-	-	276	-	-	-
Total receipts	8,206,964	1,006,461	178,679	1,189,799	899,345	123,261	-	-
Disbursements:								
Current:								
Instruction	5,742,694	-	-	-	-	-	-	-
Support services	2,528,191	-	-	690,648	930,856	17,553	-	-
Noninstructional services	168,472	-	-	-	-	-	-	-
Facilities acquisition and construction	2,416	-	-	562,938	-	-	-	-
Debt services	-	1,388,562	142,717	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	8,441,773	1,388,562	142,717	1,253,586	930,856	17,553	-	-
Excess (deficiency) of receipts over disbursements	(234,809)	(382,101)	35,962	(63,787)	(31,511)	105,708	-	-
Other financing sources (uses):								
Sale of capital assets	100	-	-	-	-	-	-	-
Total other financing sources (uses)	100	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(234,709)	(382,101)	35,962	(63,787)	(31,511)	105,708	-	-
Cash and investments - ending	\$ 842,045	\$ 289,214	\$ 51,339	\$ 887,754	\$ 818,223	\$ 208,183	\$ -	\$ 32,102

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

	Construction	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Alternative Education	Instruction Support	Grants SY2007 - 08
Cash and investments - beginning	\$ -	\$ 186,588	\$ (187,833)	\$ 527,402	\$ 4,861	\$ -	\$ 9,081	\$ 854
Receipts:								
Local sources	-	224,157	61,247	1,349,968	-	-	253	-
Intermediate sources	-	-	-	-	56	-	-	-
State sources	-	7,773	43,944	-	-	5,808	-	-
Federal sources	-	323,598	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	1,512	-	-	-	-
Total receipts	-	555,528	105,191	1,351,480	56	5,808	253	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	5,808	201	635
Support services	-	5,017	44,407	-	-	-	324	-
Noninstructional services	-	646,674	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,914,733	-	-	-	-
Total disbursements	-	651,691	44,407	1,914,733	-	5,808	525	635
Excess (deficiency) of receipts over disbursements	-	(96,163)	60,784	(563,253)	56	-	(272)	(635)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(96,163)	60,784	(563,253)	56	-	(272)	(635)
Cash and investments - ending	\$ -	\$ 90,425	\$ (127,049)	\$ (35,851)	\$ 4,917	\$ -	\$ 8,809	\$ 219

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

	SY2009 - 10 Grants	Grants SY2008 - 09	SY2010 - 11 Grants	SY2011 - 12 Grants	SY2012 - 13 Grants	SY2013 - 14 Grants	SY2014 - 15 Grants	Scholarships and Awards
Cash and investments - beginning	\$ 7,327	\$ 4,919	\$ 2,316	\$ 10,509	\$ -	\$ -	\$ -	\$ 3,679
Receipts:								
Local sources	-	-	-	-	89,467	6,000	-	1,500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	89,467	6,000	-	1,500
Disbursements:								
Current:								
Instruction	-	363	1,470	6,441	37,271	-	-	-
Support services	596	532	-	819	20,398	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	3,000
Total disbursements	596	895	1,470	7,260	57,669	-	-	3,000
Excess (deficiency) of receipts over disbursements	(596)	(895)	(1,470)	(7,260)	31,798	6,000	-	(1,500)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(596)	(895)	(1,470)	(7,260)	31,798	6,000	-	(1,500)
Cash and investments - ending	\$ 6,731	\$ 4,024	\$ 846	\$ 3,249	\$ 31,798	\$ 6,000	\$ -	\$ 2,179

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

	SY2011 - 12 High Ability	SY2012 - 13 High Ability	SY2013 - 14 High Ability Grant	Gifted/Talented 2006 - 07	Non-English Speaking Programs P.L. 273-1999	School Technology	Excess PTRC Distributions	2011 - 2012 Title I
Cash and investments - beginning	\$ 4,494	\$ -	\$ -	\$ 3,092	\$ 1,128	\$ 22,852	\$ 25,943	\$ (39,888)
Receipts:								
Local sources	-	-	-	-	-	24,703	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	28,871	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	80,212
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	28,871	-	-	-	24,703	-	80,212
Disbursements:								
Current:								
Instruction	4,494	14,255	-	-	-	-	-	33,021
Support services	-	-	-	-	-	20,118	-	7,303
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	3,896	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	4,494	14,255	-	-	-	24,014	-	40,324
Excess (deficiency) of receipts over disbursements	(4,494)	14,616	-	-	-	689	-	39,888
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,494)	14,616	-	-	-	689	-	39,888
Cash and investments - ending	\$ -	\$ 14,616	\$ -	\$ 3,092	\$ 1,128	\$ 23,541	\$ 25,943	\$ -

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

	2012 - 2013 Title I	2013 - 2014 Title I	Safe and Drug Free SY 2010-11	2010 - 11 IN Career/Tech Ed PLTW	SY08 - 09 Title II Part A	SY2010 - 11 Title II Part A	SY2011 - 12 Title II Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 47	\$ 5,125	\$ (1,916)	\$ (4,741)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	98,950	-	2,891	-	-	3,945	36,035
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	98,950	-	2,891	-	-	3,945	36,035
Disbursements:							
Current:							
Instruction	116,572	-	-	-	-	-	-
Support services	17,439	-	2,891	-	-	2,029	31,294
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	134,011	-	2,891	-	-	2,029	31,294
Excess (deficiency) of receipts over disbursements	(35,061)	-	-	-	-	1,916	4,741
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(35,061)	-	-	-	-	1,916	4,741
Cash and investments - ending	\$ (35,061)	\$ -	\$ -	\$ 47	\$ 5,125	\$ -	\$ -

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

	SY2012 - 13 Title II	Title III - Language Instruction	Education Jobs	In and Out Clearing	Food Service Trust	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 467	\$ (39,990)	\$ 2,313	\$ 51,582	\$ 23,353	\$ 4,322,862
Receipts:							
Local sources	-	-	-	-	-	-	5,196,129
Intermediate sources	-	-	-	-	-	-	60
State sources	-	-	-	-	-	-	8,226,530
Federal sources	8,460	-	39,990	-	-	-	594,081
Temporary loans	-	-	-	-	-	-	25,261
Other	-	-	-	40,579	253,468	1,944,387	2,240,222
Total receipts	8,460	-	39,990	40,579	253,468	1,944,387	16,282,283
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	5,963,225
Support services	11,433	-	-	-	-	-	4,331,848
Noninstructional services	-	-	-	-	-	-	815,146
Facilities acquisition and construction	-	-	-	-	-	-	569,250
Debt services	-	-	-	-	-	-	1,531,279
Nonprogrammed charges	-	-	-	19,192	222,195	1,932,618	4,091,738
Total disbursements	11,433	-	-	19,192	222,195	1,932,618	17,302,486
Excess (deficiency) of receipts over disbursements	(2,973)	-	39,990	21,387	31,273	11,769	(1,020,203)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	100
Total other financing sources (uses)	-	-	-	-	-	-	100
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,973)	-	39,990	21,387	31,273	11,769	(1,020,103)
Cash and investments - ending	\$ (2,973)	\$ 467	\$ -	\$ 23,700	\$ 82,855	\$ 35,122	\$ 3,302,759

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 842,045	\$ 289,214	\$ 51,339	\$ 887,754	\$ 818,223	\$ 208,183	\$ -	\$ 32,102
Receipts:								
Local sources	123,919	1,444,720	177,376	1,188,890	948,428	146,191	-	-
Intermediate sources	9	-	-	-	-	-	-	-
State sources	7,902,772	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	8,026,700	1,444,720	177,376	1,188,890	948,428	146,191	-	-
Disbursements:								
Current:								
Instruction	5,932,179	-	-	-	-	-	-	-
Support services	2,550,860	-	-	806,653	839,354	158,478	-	-
Noninstructional services	170,650	-	-	-	-	-	-	-
Facilities acquisition and construction	1,417	-	-	230,827	-	-	-	-
Debt services	40,348	743,821	143,708	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	301,713	-
Total disbursements	8,695,454	743,821	143,708	1,037,480	839,354	158,478	301,713	-
Excess (deficiency) of receipts over disbursements	(668,754)	700,899	33,668	151,410	109,074	(12,287)	(301,713)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	325,000	-
Transfers out	-	-	-	-	(325,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	(325,000)	-	325,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(668,754)	700,899	33,668	151,410	(215,926)	(12,287)	23,287	-
Cash and investments - ending	\$ 173,291	\$ 990,113	\$ 85,007	\$ 1,039,164	\$ 602,297	\$ 195,896	\$ 23,287	\$ 32,102

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

	Construction	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Alternative Education	Instruction Support	Grants SY2007 - 08
Cash and investments - beginning	\$ -	\$ 90,425	\$ (127,049)	\$ (35,851)	\$ 4,917	\$ -	\$ 8,809	\$ 219
Receipts:								
Local sources	-	239,476	51,590	1,717,287	-	-	1,174	-
Intermediate sources	-	-	-	-	38	-	-	-
State sources	-	7,065	41,185	-	-	3,240	-	-
Federal sources	-	307,575	-	-	-	-	-	-
Other	-	-	-	276,292	-	-	-	-
Total receipts	-	554,116	92,775	1,993,579	38	3,240	1,174	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	3,240	1,791	219
Support services	-	2,049	51,310	-	-	-	443	-
Noninstructional services	-	556,163	-	-	-	-	-	-
Facilities acquisition and construction	53,306	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,727,908	-	-	-	-
Total disbursements	53,306	558,212	51,310	1,727,908	-	3,240	2,234	219
Excess (deficiency) of receipts over disbursements	(53,306)	(4,096)	41,465	265,671	38	-	(1,060)	(219)
Other financing sources (uses):								
Proceeds of long-term debt	1,293,611	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,293,611	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,240,305	(4,096)	41,465	265,671	38	-	(1,060)	(219)
Cash and investments - ending	\$ 1,240,305	\$ 86,329	\$ (85,584)	\$ 229,820	\$ 4,955	\$ -	\$ 7,749	\$ -

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

	SY2009 - 10 Grants	Grants SY2008 - 09	SY2010 - 11 Grants	SY2011 - 12 Grants	SY2012 - 13 Grants	SY2013 - 14 Grants	SY2014 - 15 Grants	Scholarships and Awards
Cash and investments - beginning	\$ 6,731	\$ 4,024	\$ 846	\$ 3,249	\$ 31,798	\$ 6,000	\$ -	\$ 2,179
Receipts:								
Local sources	-	-	-	-	140	67,406	3,000	2,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	140	67,406	3,000	2,000
Disbursements:								
Current:								
Instruction	-	223	143	324	7,125	37,393	-	-
Support services	-	-	-	205	19,602	11,268	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	1,000
Total disbursements	-	223	143	529	26,727	48,661	-	1,000
Excess (deficiency) of receipts over disbursements	-	(223)	(143)	(529)	(26,587)	18,745	3,000	1,000
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(223)	(143)	(529)	(26,587)	18,745	3,000	1,000
Cash and investments - ending	\$ 6,731	\$ 3,801	\$ 703	\$ 2,720	\$ 5,211	\$ 24,745	\$ 3,000	\$ 3,179

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

	SY2011 - 12 High Ability	SY2012 - 13 High Ability	SY2013 - 14 High Ability Grant	Gifted/Talented 2006 - 07	Non-English Speaking Programs P.L. 273-1999	School Technology	Excess PTRC Distributions
Cash and investments - beginning	\$ -	\$ 14,616	\$ -	\$ 3,092	\$ 1,128	\$ 23,541	\$ 25,943
Receipts:							
Local sources	-	-	-	-	-	22,246	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	28,768	-	-	2,573	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	28,768	-	-	24,819	-
Disbursements:							
Current:							
Instruction	-	14,616	14,192	-	-	-	-
Support services	-	-	-	-	-	14,001	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	2,010	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	25,943
Total disbursements	-	14,616	14,192	-	-	16,011	25,943
Excess (deficiency) of receipts over disbursements	-	(14,616)	14,576	-	-	8,808	(25,943)
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	-	(14,616)	14,576	-	-	8,808	(25,943)
Cash and investments - ending	\$ -	\$ -	\$ 14,576	\$ 3,092	\$ 1,128	\$ 32,349	\$ -

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

	2011 - 2012 Title I	2012 - 2013 Title I	2013 - 2014 Title I	Safe and Drug Free SY 2010-11	2010 - 11 IN Career/Tech Ed PLTW	SY08 - 09 Title II Part A	SY2010 - 11 Title II Part A	SY2011 - 12 Title II Part A
Cash and investments - beginning	\$ -	\$ (35,061)	\$ -	\$ -	\$ 47	\$ 5,125	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	81,983	94,129	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	81,983	94,129	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	39,363	93,985	-	-	-	-	-
Support services	-	7,559	23,227	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	46,922	117,212	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	35,061	(23,083)	-	-	-	-	-
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	-	35,061	(23,083)	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ (23,083)	\$ -	\$ 47	\$ 5,125	\$ -	\$ -

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

	SY2012 - 13 Title II	Title III - Language Instruction	Education Jobs	In and Out Clearing	Food Service Trust	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (2,973)	\$ 467	\$ -	\$ 23,700	\$ 82,855	\$ 35,122	\$ 3,302,759
Receipts:							
Local sources	-	-	-	-	-	-	6,133,843
Intermediate sources	-	-	-	-	-	-	47
State sources	-	-	-	-	-	-	7,985,603
Federal sources	23,486	-	-	-	-	-	507,173
Other	-	-	-	90,905	252,192	2,108,071	2,727,460
Total receipts	23,486	-	-	90,905	252,192	2,108,071	17,354,126
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	6,144,793
Support services	21,121	-	-	-	-	-	4,506,130
Noninstructional services	-	-	-	-	-	-	726,813
Facilities acquisition and construction	-	-	-	-	-	-	287,560
Debt services	-	-	-	-	-	-	927,877
Nonprogrammed charges	-	-	-	85,739	233,028	2,107,941	4,483,272
Total disbursements	21,121	-	-	85,739	233,028	2,107,941	17,076,445
Excess (deficiency) of receipts over disbursements	2,365	-	-	5,166	19,164	130	277,681
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	1,293,611
Transfers in	-	-	-	-	-	-	325,000
Transfers out	-	-	-	-	-	-	(325,000)
Total other financing sources (uses)	-	-	-	-	-	-	1,293,611
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,365	-	-	5,166	19,164	130	1,571,292
Cash and investments - ending	\$ (608)	\$ 467	\$ -	\$ 28,866	\$ 102,019	\$ 35,252	\$ 4,874,051

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Central Noble School Building Corporation	Guaranteed Energy Savings Contract	\$ 224,444	6/30/2011	12/31/2019
Central Noble 2012 Building Projects, Inc.	High School Project	205,000	6/30/2013	12/31/2023
Central Noble 2012 Building Projects, Inc.	Albion Elementary School Project	205,000	6/30/2013	12/31/2023
Central Noble 2012 Building Projects, Inc.	Central Noble MS/HS Project	427,000	6/30/2016	6/30/2034
Central Noble Building Corporation	Renovate Elementary Schools	<u>292,000</u>	6/30/2008	12/31/2014
Total of annual lease payments		<u><u>\$ 1,353,444</u></u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Amended Taxable GO Pension Bonds of 2003	\$ 1,035,000	\$ 70,279
General obligation bonds	General Obligation Bonds of 2013	<u>1,300,000</u>	<u>708,607</u>
Totals		<u><u>\$ 2,335,000</u></u>	<u><u>\$ 778,886</u></u>

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
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	\$ 17,208
Buildings	18,020,162
Infrastructure	142,653
Improvements other than buildings	5,014,592
Machinery, equipment, and vehicles	<u>6,013,647</u>
Total capital assets	<u><u>\$ 29,208,262</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CENTRAL NOBLE COMMUNITY SCHOOL
CORPORATION, NOBLE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Central Noble Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2014-003, 2014-004, and 2014-005, in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, Eligibility, and Reporting that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on the Other 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 its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other 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.

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated March 4, 2015. The Schedule of Expenditures of Federal Awards have 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.


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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002 to be material weaknesses.

The School Corporation's response to the internal control over compliance finding 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

March 4, 2015, except the Special Education Cluster (IDEA), as to which the date is January 20, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
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
DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY12-13/13-14	\$ 56,621	\$ 44,540
National School Lunch Program	Indiana Department of Education	10.555	FY12-13/13-14	306,218	318,967
Total - Child Nutrition Cluster				362,839	363,507
Total - Department of Agriculture				362,839	363,507
DEPARTMENT OF EDUCATION					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-6055	80,212	-
			13-6055	98,950	81,985
			14-6055	-	94,129
Total - Title I Grants to Local Educational Agencies				179,162	176,114
Total - Title I, Part A Cluster				179,162	176,114
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14212-046-PN01	100,574	-
			14213-046-PN01	172,702	102,391
			14214-046-PN01	-	194,199
			99914-046-TA01	-	2,925
Total - Special Education - Grants to States				273,276	299,515
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45713-046-PN01	6,276	-
			45714-046-PN01	-	5,906
Total - Special Education - Preschool Grants				6,276	5,906
Total - Special Education Cluster (IDEA)				279,552	305,421
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			10-6055	6,836	-
			11-6055	36,035	-
			12-6055	8,460	23,485
Total - Improving Teacher Quality State Grants				51,331	23,485
Education Jobs Fund	Indiana Department of Education	84.410			
			FY 12-13	39,990	-
Total - Department of Education				550,035	505,020
Total federal awards expended				\$ 912,874	\$ 868,527

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

CENTRAL NOBLE COMMUNITY 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 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	\$ 39,536	\$ 57,009

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	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 for Title I, Part A Cluster and Special Education Cluster (IDEA); Qualified for Child Nutrition Cluster
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:

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

Section II - Financial Statement Findings

FINDING 2014-001 - 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 deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipts and cash and investment balances. 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.

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

- a. One individual is responsible for preparing the bank reconciliation. The same individual issues receipts and prepares the bank deposit.
 - b. Bank reconciliations were not being reviewed and approved by someone other than the person performing the depository reconciliations.
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 requires 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

FINDING 2014-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER PROGRAMS

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 2012/13, FY 2013/14
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 that have a direct and material effect to the programs. This includes the following compliance requirements: Cash Management, Eligibility, Program Income, Reporting, Special Tests and Provisions for Verification of Free and Reduced Price Applications (NSLP), and Special Test and Provisions for School Food Accounts.

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 programs.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION
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 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 programs. 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.

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. Non-compliance of the grant agreement or the compliance requirements 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 compliance requirements listed above.

FINDING 2014-003 - CHILD NUTRITION CLUSTER REPORTING REQUIREMENTS

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Years: FY 2012/13, FY 2013/14
Pass-Through Entity: Indiana Department of Education

The School Corporation has a consulting agreement with a private vendor to oversee the School Corporation's food service operations. The Food Service Director, an employee of the private vendor, filed the required monthly claims for reimbursement and the Annual Financial Reports with the Indiana Department of Education for the Child Nutrition Cluster programs.

The Annual Financial Report filed by the School Corporation for the fiscal years ending June 30, 2013 and 2014, did not agree with the School Corporation's financial records. The Food Service Director reported financial records that are maintained by the private vendor.

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .

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

- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

Noncompliance of the Reporting requirement to the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation officials ensure that all required reports are prepared on an accurate basis, in accordance with the Reporting requirements, and that all records are retained in accordance with retention requirements.

FINDING 2014-004 - CHILD NUTRITION CLUSTER ELIGIBILITY REQUIREMENTS

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Year: FY 2012/13 and FY 2013/14
Pass-Through Entity: Indiana Department of Education

The School Corporation had deficiencies within its documentation for the determination of the eligibility status of their approved free and reduced price applications for the School Breakfast and National School Lunch programs. The following deficiencies were noted in the eligibility determination process:

1. There was no signature of the official who performed the eligibility determination on 8 percent of the applications tested.
2. An application was not presented for one of the students on the eligible list.
3. One application had the incorrect determination. The student qualified for reduced but was approved as free.

7 CFR 245.6 states in part:

"(c) *Determination of eligibility - (1) Duration of eligibility.* Except as otherwise specified in paragraph (c)(3) of this section, eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or, if feasible, through direct certification, at any time during the school year. . . .

(e) *Recordkeeping.* The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit."

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

School Form No. 521 is the Application for Free and Reduced Price Meals and Other Benefits prescribed for use by the Indiana Department of Education. These applications contain sections for the determining official to document the results of the determination and sign the form. It also contains a section for documenting the verification of a sample of applications. This requires a confirming official to sign that a person other than the determining official confirmed the eligibility determination. It also requires documentation of the verification process and the results in addition to the signature of the verifying official.

Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal awards.

We recommended that School Corporation officials properly complete and document the eligibility determination and verification of student eligibility status and maintain adequate, auditable files.

FINDING 2014-005 - CHILD NUTRITION CLUSTER CASH MANAGEMENT REQUIREMENTS

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Year: FY 2012/13, FY 2013/14
Pass-Through Entity: Indiana Department of Education

The School Corporation Food Service department maintains a cash balance in excess of federal regulations. The three month average of expenditures for the fiscal year ending June 30, 2013, was \$162,923, the cash balances at June 30, 2013, was \$173,280 resulting in cash balances in excess of \$10,357. The three month average of expenditures for the fiscal year ending June 30, 2014, was \$139,553, the cash balances at June 30, 2014, was \$188,346 resulting in cash balances in excess of \$48,793.

7 CFR section 210.14(a) states in part: "School Food Authorities shall maintain a nonprofit school food service."

7 CFR section 210.14(b) states:

"Net cash resources. The School Food Authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with section 210.19(a)."

7 CFR section 210.2 defines net cash resources as:

"Net cash resources means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities."

The cash balance maintained by the School Corporation results in noncompliance with program requirements that they must operate a nonprofit school food service and limit net cash resource. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal reimbursements.

We recommended that School Corporation officials implement procedures that would limit net cash resources to three months' average expenditures and to ensure that its school food service program is operated as a nonprofit service.

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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.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION

Chris Daughtry
Superintendent

CORRECTIVE ACTION PLAN

Audit Period: JULY 1, 2012 – JUNE 30, 2014

Finding 2014 -001, Internal Controls over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Kim Schlotterback
Contact Information: 200 East Main Street
Albion, IN 46701
(260) 636-2175

The Central Noble Schools will correct the internal controls related to financial transactions and reporting by creating review procedures and documentation for receipts and cash investments and bank reconciliation. The role of the reviewer will be assigned to the appropriate personnel in the Central Noble Administrative Office. The reviewer will have a monthly checklist to insure that internal review and checks and balances are in place. Central Noble will plan to start utilization of this plan by July 1, 2015.

Finding 2014-002, Internal Controls over Compliance Requirements that have a Direct and Material Effect on the Child Nutrition Cluster Programs

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 Years: FY2012/2013, FY2013/14
Pass Through Entity: Indiana Department of Education

The Central Noble Schools in cooperation with the approved food service vendor will implement internal controls over the Child Nutrition Cluster Programs. The appropriate personnel at the Central Office will be assigned and trained to review applications and accounts to ensure compliance. Training and implementation will be in place by July 1, 2015.

Finding 2014-003, Child Nutrition Cluster Reporting Requirements

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 Years: FY2012/2013, FY2013/2014
Pass Through Entity: Indiana Department of Education

The Central Noble Schools in cooperation with the approved food service vendor will implement a new procedure for reporting. The school district treasurer or treasurer designee will prepare the NSLP Annual Financial Report in collaboration with the Food Service Management Company to ensure the report accurately represents school accounting records. Compliance with this finding will be in place by July 1, 2015.

Finding 2014-004, Child Nutrition Cluster Eligibility Requirements

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 Years: FY2012/2013, FY 2013/2014
Pass Through Entity: Indiana Department of Education

The Central Noble Schools in cooperation with the approved food service vendor will implement a new procedure for reporting. The Food Service Management Company will assign an additional individual (other than the Food Service Director) to be trained to perform random period reviews during the school year beginning during the 2015/2016 school year. The changes will be implemented by August 1, 2015 to ensure compliance going into the new school year. The fall verification process will be reviewed annually and signed off by that same secondary staff member.

Finding 2014-005, Child Nutrition Cluster Cash Management Requirements

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 Years: FY2012/2013, FY 2013/2014
Pass Through Entity: Indiana Department of Education

The Central Noble School in accordance with the checks and balances placed on the annual review will implement a new procedure for ensuring that balances of the three-month average do not exceed the maximum allowable for a non-profit entity. Excess balances will be used to update and maintain food service equipment to ensure operational efficiency. Compliance with this management requirement will be in place by July 1, 2015.

Sincerely,



Chris Daughtry, Ed.D
Superintendent
Central Noble Schools

Date: 3-4-2015

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/>.