

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
STARKE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/14/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-27
Schedule of Payables and Receivables	28
Schedule of Leases and Debt	29
Schedule of Capital Assets.....	31
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	34-35
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	39
Notes to Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41-46
Auditee Prepared Document:	
Corrective Action Plan	48-49
Other Report	50

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Guy Richie	07-01-12 to 06-30-15
Superintendent of Schools	Lynn Johnson	07-01-12 to 06-30-15
President of the School Board	Patricia Goin	07-01-12 to 06-30-15



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

TO: THE OFFICIALS OF THE NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the North Judson-San Pierre 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 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 April 2, 2015, 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

April 2, 2015



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 NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE 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 North Judson-San Pierre 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 April 2, 2015, 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 a material weakness and a significant deficiency.

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 a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002 to be a significant deficiency.

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

Compliance and Other Matters

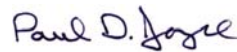
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

North Judson-San Pierre 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

April 2, 2015

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

NORTH JUDSON-SAN PIERRE 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	\$ 3,153,195	\$ 8,866,283	\$ 9,253,166	\$ 712	\$ 2,767,024	\$ 8,381,266	\$ 9,605,309	\$ 763	\$ 1,543,744
Debt Service	980,374	1,320,676	1,631,328	-	669,722	1,601,041	1,358,686	-	912,077
Retirement/Severance Bond Debt Service	36,500	68,101	73,431	-	31,170	82,706	71,669	-	42,207
Capital Projects	542,949	993,788	1,087,617	-	449,120	1,251,861	1,265,626	-	435,355
School Transportation	913,173	809,190	949,007	11,562	784,918	1,089,901	841,222	280	1,033,877
School Bus Replacement	282,792	182,529	306,408	-	158,913	217,436	160,288	-	216,061
Retirement/Severance Bond	9,814	-	-	-	9,814	-	-	-	9,814
Construction	-	6,981	6,981	-	-	-	-	-	-
School Lunch	207,933	672,876	626,889	-	253,920	636,122	622,927	-	267,115
Textbook Rental	86,977	119,335	100,594	-	105,718	121,708	84,673	-	142,753
Levy Excess	11,522	-	-	(11,522)	-	-	-	-	-
Educational License Plates	8,794	281	-	-	9,075	206	-	-	9,281
Extra-Curricular Activities	(790)	7,005	7,263	-	(1,048)	6,015	6,023	-	(1,056)
Elementary Supplies	3,148	-	-	-	3,148	-	-	-	3,148
Instruction Support	10,313	29,461	33,024	-	6,750	29,200	34,328	-	1,622
Education Technology	-	-	-	-	-	-	3,000	-	(3,000)
Drug Free Communities	-	-	-	-	-	750	750	-	-
Medicaid Reimbursement	5,889	97	-	-	5,986	119	-	-	6,105
Non-English Speaking Programs P.L. 273-1999	2,214	-	-	-	2,214	-	-	-	2,214
School Technology	3,014	29,660	20,084	-	12,590	27,558	27,414	-	12,734
Miscellaneous Programs	768	-	-	-	768	-	-	-	768
ISTA Settlement	-	-	-	-	-	349,092	288,097	-	60,995
Title I 2011-12	(16,402)	90,229	73,827	-	-	-	-	-	-
Title I 2012-13	-	172,453	204,120	-	(31,667)	109,556	77,889	-	-
Title I 2013-14	-	-	-	-	-	178,398	201,948	-	(23,550)
IDEA	-	265,051	287,400	-	(22,349)	45,193	22,844	-	-
Special Ed Regular 2013-14	-	-	-	-	-	207,640	230,983	-	(23,343)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	19,715	19,715	-	-	-	-	-	-
Federal Assistance Educational Preschool Handicapped	-	12,228	12,228	-	-	-	-	-	-
Special Ed Pre-School 2013-14	-	-	-	-	-	11,774	11,774	-	-
Technology Related Assistance for Individuals With Disabilities	-	-	-	-	-	-	1,147	-	(1,147)
Medicaid Reimbursement - Federal	511	181	21	-	671	222	20	-	873
Improving Teaching Quality, No Child Left, Title II, Part A	(10,379)	5,471	(4,908)	-	-	-	-	-	-
Title II Part A 2011-12	-	77,748	77,748	-	-	-	-	-	-
Title II Part A 2012-13	-	21,195	28,971	-	(7,776)	56,634	48,858	-	-
Title II Part A 2013-14	-	-	-	-	-	51,190	58,927	-	(7,737)
Rural Schools and Low Income Program - Pass Through State	-	-	24,980	-	(24,980)	24,980	-	-	-
Education Jobs	(2,950)	9,994	7,044	-	-	-	-	-	-
Payroll	-	5,957,168	5,957,168	-	-	6,247,872	6,247,872	-	-
Totals	\$ 6,229,359	\$ 19,737,696	\$ 20,784,106	\$ 752	\$ 5,183,701	\$ 20,728,440	\$ 21,272,274	\$ 1,043	\$ 4,640,910

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

NORTH JUDSON-SAN PIERRE 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.

NORTH JUDSON-SAN PIERRE 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:

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
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 reimbursements for grants that were received subsequent to when the expenditures were made.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the North Judson-San Pierre Multi-School Building Corporation. 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 ending June 30, 2013 and 2014, totaled \$1,616,000 and \$1,348,000, respectively.

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.

NORTH JUDSON-SAN PIERRE 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	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 3,153,195	\$ 980,374	\$ 36,500	\$ 542,949	\$ 913,173	\$ 282,792	\$ 9,814	\$ -
Receipts:								
Local sources	169,528	1,320,676	68,101	697,788	656,190	182,529	-	-
Intermediate sources	81	-	-	-	-	-	-	-
State sources	8,694,818	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	296,000	153,000	-	-	-
Other	1,856	-	-	-	-	-	-	6,981
Total receipts	8,866,283	1,320,676	68,101	993,788	809,190	182,529	-	6,981
Disbursements:								
Current:								
Instruction	6,246,164	-	-	-	-	-	-	-
Support services	2,797,465	-	-	664,891	664,907	204,808	-	6,981
Noninstructional services	209,537	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	163,826	-	-	-	-
Debt services	-	1,631,328	73,431	258,900	284,100	101,600	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,253,166	1,631,328	73,431	1,087,617	949,007	306,408	-	6,981
Excess (deficiency) of receipts over disbursements	(386,883)	(310,652)	(5,330)	(93,829)	(139,817)	(123,879)	-	-
Other financing sources (uses):								
Sale of capital assets	712	-	-	-	40	-	-	-
Transfers in	-	-	-	-	11,522	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	712	-	-	-	11,562	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(386,171)	(310,652)	(5,330)	(93,829)	(128,255)	(123,879)	-	-
Cash and investments - ending	\$ 2,767,024	\$ 669,722	\$ 31,170	\$ 449,120	\$ 784,918	\$ 158,913	\$ 9,814	\$ -

NORTH JUDSON-SAN PIERRE 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)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Extra- Curricular Activities	Elementary Supplies	Instruction Support	Education Technology
Cash and investments - beginning	\$ 207,933	\$ 86,977	\$ 11,522	\$ 8,794	\$ (790)	\$ 3,148	\$ 10,313	\$ -
Receipts:								
Local sources	311,203	70,059	-	-	7,005	-	-	-
Intermediate sources	-	-	-	281	-	-	-	-
State sources	3,322	49,276	-	-	-	-	29,461	-
Federal sources	358,351	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	672,876	119,335	-	281	7,005	-	29,461	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	33,024	-
Support services	4,061	100,594	-	-	-	-	-	-
Noninstructional services	622,828	-	-	-	7,263	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	626,889	100,594	-	-	7,263	-	33,024	-
Excess (deficiency) of receipts over disbursements	45,987	18,741	-	281	(258)	-	(3,563)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(11,522)	-	-	-	-	-
Total other financing sources (uses)	-	-	(11,522)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	45,987	18,741	(11,522)	281	(258)	-	(3,563)	-
Cash and investments - ending	\$ 253,920	\$ 105,718	\$ -	\$ 9,075	\$ (1,048)	\$ 3,148	\$ 6,750	\$ -

NORTH JUDSON-SAN PIERRE 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)

	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs	ISTA Settlement	Title I 2011-12	Title I 2012-13
Cash and investments - beginning	\$ -	\$ 5,889	\$ 2,214	\$ 3,014	\$ 768	\$ -	\$ (16,402)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	97	-	29,660	-	-	-	-
Federal sources	-	-	-	-	-	-	90,229	172,453
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	97	-	29,660	-	-	90,229	172,453
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	49,844	115,243
Support services	-	-	-	20,084	-	-	23,835	83,955
Noninstructional services	-	-	-	-	-	-	148	4,922
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	20,084	-	-	73,827	204,120
Excess (deficiency) of receipts over disbursements	-	97	-	9,576	-	-	16,402	(31,667)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	97	-	9,576	-	-	16,402	(31,667)
Cash and investments - ending	\$ -	\$ 5,986	\$ 2,214	\$ 12,590	\$ 768	\$ -	\$ -	\$ (31,667)

NORTH JUDSON-SAN PIERRE 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)

	Title I 2013-14	IDEA	Special Ed Regular 2013-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Federal Assistance Educational Preschool Handicapped	Special Ed Pre-School 2013-14	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511
Receipts:								
Local sources	-	-	-	895	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	265,051	-	18,820	12,228	-	-	181
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	265,051	-	19,715	12,228	-	-	181
Disbursements:								
Current:								
Instruction	-	287,383	-	19,715	-	-	-	-
Support services	-	-	-	-	12,228	-	-	21
Noninstructional services	-	17	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	287,400	-	19,715	12,228	-	-	21
Excess (deficiency) of receipts over disbursements	-	(22,349)	-	-	-	-	-	160
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(22,349)	-	-	-	-	-	160
Cash and investments - ending	\$ -	\$ (22,349)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671

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

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A 2011-12	Title II Part A 2012-13	Title II Part A 2013-14	Rural Schools and Low Income Program - Pass Through State	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ (10,379)	\$ -	\$ -	\$ -	\$ -	\$ (2,950)	\$ -	\$ 6,229,359
Receipts:								
Local sources	-	-	-	-	-	-	-	3,483,974
Intermediate sources	-	-	-	-	-	-	-	362
State sources	-	-	-	-	-	-	-	8,806,634
Federal sources	5,471	77,748	21,195	-	-	9,994	-	1,031,721
Temporary loans	-	-	-	-	-	-	-	449,000
Other	-	-	-	-	-	-	5,957,168	5,966,005
Total receipts	5,471	77,748	21,195	-	-	9,994	5,957,168	19,737,696
Disbursements:								
Current:								
Instruction	(4,908)	77,342	28,468	-	-	7,044	-	6,859,319
Support services	-	406	503	-	24,980	-	-	4,609,719
Noninstructional services	-	-	-	-	-	-	-	844,715
Facilities acquisition and construction	-	-	-	-	-	-	-	163,826
Debt services	-	-	-	-	-	-	-	2,349,359
Nonprogrammed charges	-	-	-	-	-	-	5,957,168	5,957,168
Total disbursements	(4,908)	77,748	28,971	-	24,980	7,044	5,957,168	20,784,106
Excess (deficiency) of receipts over disbursements	10,379	-	(7,776)	-	(24,980)	2,950	-	(1,046,410)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	752
Transfers in	-	-	-	-	-	-	-	11,522
Transfers out	-	-	-	-	-	-	-	(11,522)
Total other financing sources (uses)	-	-	-	-	-	-	-	752
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,379	-	(7,776)	-	(24,980)	2,950	-	(1,045,658)
Cash and investments - ending	\$ -	\$ -	\$ (7,776)	\$ -	\$ (24,980)	\$ -	\$ -	\$ 5,183,701

NORTH JUDSON-SAN PIERRE 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	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 2,767,024	\$ 669,722	\$ 31,170	\$ 449,120	\$ 784,918	\$ 158,913	\$ 9,814	\$ -
Receipts:								
Local sources	199,035	1,601,041	82,706	966,861	811,901	217,436	-	-
Intermediate sources	41	-	-	-	-	-	-	-
State sources	8,180,751	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	285,000	278,000	-	-	-
Other	1,439	-	-	-	-	-	-	-
Total receipts	8,381,266	1,601,041	82,706	1,251,861	1,089,901	217,436	-	-
Disbursements:								
Current:								
Instruction	6,386,392	-	-	-	-	-	-	-
Support services	3,018,054	-	-	785,657	688,222	160,288	-	-
Noninstructional services	200,863	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	183,969	-	-	-	-
Debt services	-	1,358,686	71,669	296,000	153,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,605,309	1,358,686	71,669	1,265,626	841,222	160,288	-	-
Excess (deficiency) of receipts over disbursements	(1,224,043)	242,355	11,037	(13,765)	248,679	57,148	-	-
Other financing sources (uses):								
Sale of capital assets	763	-	-	-	280	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	763	-	-	-	280	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,223,280)	242,355	11,037	(13,765)	248,959	57,148	-	-
Cash and investments - ending	\$ 1,543,744	\$ 912,077	\$ 42,207	\$ 435,355	\$ 1,033,877	\$ 216,061	\$ 9,814	\$ -

NORTH JUDSON-SAN PIERRE 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)

	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Extra- Curricular Activities	Elementary Supplies	Instruction Support	Education Technology
Cash and investments - beginning	\$ 253,920	\$ 105,718	\$ -	\$ 9,075	\$ (1,048)	\$ 3,148	\$ 6,750	\$ -
Receipts:								
Local sources	289,462	74,422	-	-	6,015	-	-	-
Intermediate sources	-	-	-	206	-	-	-	-
State sources	3,146	47,286	-	-	-	-	29,200	-
Federal sources	343,514	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	636,122	121,708	-	206	6,015	-	29,200	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	32,197	-
Support services	12,227	84,673	-	-	-	-	2,131	3,000
Noninstructional services	610,700	-	-	-	6,023	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	622,927	84,673	-	-	6,023	-	34,328	3,000
Excess (deficiency) of receipts over disbursements	13,195	37,035	-	206	(8)	-	(5,128)	(3,000)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	47,286	-	-	-	-	-	-
Transfers out	-	(47,286)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,195	37,035	-	206	(8)	-	(5,128)	(3,000)
Cash and investments - ending	\$ 267,115	\$ 142,753	\$ -	\$ 9,281	\$ (1,056)	\$ 3,148	\$ 1,622	\$ (3,000)

NORTH JUDSON-SAN PIERRE 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)

	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Miscellaneous Programs	ISTA Settlement	Title I 2011-12	Title I 2012-13
Cash and investments - beginning	\$ -	\$ 5,986	\$ 2,214	\$ 12,590	\$ 768	\$ -	\$ -	\$ (31,667)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	750	119	-	27,558	-	-	-	-
Federal sources	-	-	-	-	-	-	-	109,556
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	349,092	-	-
Total receipts	750	119	-	27,558	-	349,092	-	109,556
Disbursements:								
Current:								
Instruction	750	-	-	-	-	168,617	-	44,262
Support services	-	-	-	27,414	-	119,480	-	33,269
Noninstructional services	-	-	-	-	-	-	-	358
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	750	-	-	27,414	-	288,097	-	77,889
Excess (deficiency) of receipts over disbursements	-	119	-	144	-	60,995	-	31,667
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	119	-	144	-	60,995	-	31,667
Cash and investments - ending	\$ -	\$ 6,105	\$ 2,214	\$ 12,734	\$ 768	\$ 60,995	\$ -	\$ -

NORTH JUDSON-SAN PIERRE 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)

	Title I 2013-14	IDEA	Special Ed Regular 2013-14	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Federal Assistance Educational Preschool Handicapped	Special Ed Pre-School 2013-14	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ -	\$ (22,349)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	178,398	45,193	207,640	-	-	11,774	-	222
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>178,398</u>	<u>45,193</u>	<u>207,640</u>	<u>-</u>	<u>-</u>	<u>11,774</u>	<u>-</u>	<u>222</u>
Disbursements:								
Current:								
Instruction	118,093	22,844	230,983	-	-	-	1,147	-
Support services	78,736	-	-	-	-	11,774	-	20
Noninstructional services	5,119	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>201,948</u>	<u>22,844</u>	<u>230,983</u>	<u>-</u>	<u>-</u>	<u>11,774</u>	<u>1,147</u>	<u>20</u>
Excess (deficiency) of receipts over disbursements	<u>(23,550)</u>	<u>22,349</u>	<u>(23,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,147)</u>	<u>202</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(23,550)</u>	<u>22,349</u>	<u>(23,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,147)</u>	<u>202</u>
Cash and investments - ending	<u>\$ (23,550)</u>	<u>\$ -</u>	<u>\$ (23,343)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,147)</u>	<u>\$ 873</u>

NORTH JUDSON-SAN PIERRE 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)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A 2011-12	Title II Part A 2012-13	Title II Part A 2013-14	Rural Schools and Low Income Program - Pass Through State	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (7,776)	\$ -	\$ (24,980)	\$ -	\$ -	\$ 5,183,701
Receipts:								
Local sources	-	-	-	-	-	-	-	4,248,879
Intermediate sources	-	-	-	-	-	-	-	247
State sources	-	-	-	-	-	-	-	8,288,810
Federal sources	-	-	56,634	51,190	24,980	-	-	1,029,101
Temporary loans	-	-	-	-	-	-	-	563,000
Other	-	-	-	-	-	-	6,247,872	6,598,403
Total receipts	-	-	56,634	51,190	24,980	-	6,247,872	20,728,440
Disbursements:								
Current:								
Instruction	-	-	48,858	58,927	-	-	-	7,113,070
Support services	-	-	-	-	-	-	-	5,024,945
Noninstructional services	-	-	-	-	-	-	-	823,063
Facilities acquisition and construction	-	-	-	-	-	-	-	183,969
Debt services	-	-	-	-	-	-	-	1,879,355
Nonprogrammed charges	-	-	-	-	-	-	6,247,872	6,247,872
Total disbursements	-	-	48,858	58,927	-	-	6,247,872	21,272,274
Excess (deficiency) of receipts over disbursements	-	-	7,776	(7,737)	24,980	-	-	(543,834)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,043
Transfers in	-	-	-	-	-	-	-	47,286
Transfers out	-	-	-	-	-	-	-	(47,286)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,043
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	7,776	(7,737)	24,980	-	-	(542,791)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (7,737)	\$ -	\$ -	\$ -	\$ 4,640,910

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 76,938</u>	<u>\$ 58,776</u>

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Financial Services	Computer Lease	\$ 52,997	7/8/2013	7/8/2017
North Judson-San Pierre Multi-School Building Corporation	High School Auditorium	<u>1,342,000</u>	6/30/2006	6/30/2017
Total of annual lease payments		<u><u>\$ 1,394,997</u></u>		

Description of Debt		Ending Principal Balance	Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension/Severance Bond	\$ 645,000	\$ 69,898
Tax anticipation warrants	Cash Flow	<u>563,000</u>	<u>567,479</u>
Totals		<u><u>\$ 1,208,000</u></u>	<u><u>\$ 637,377</u></u>

(This page intentionally left blank.)

NORTH JUDSON-SAN PIERRE 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	\$ 226,450
Infrastructure	1,284,550
Buildings	19,416,043
Improvements other than buildings	627,204
Machinery, equipment, and vehicles	<u>2,949,517</u>
Total capital assets	<u><u>\$ 24,503,764</u></u>

(This page intentionally left blank.)

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 NORTH JUDSON-SAN PIERRE
SCHOOL CORPORATION, STARKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North Judson-San Pierre 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.

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)

Report on Internal Control Over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

April 2, 2015

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 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	FY 13 & FY 14	\$ 89,529	\$ 79,410
National School Lunch Program		10.555	FY 13 & FY 14	292,482	290,368
Summer Food Service Program for Children		10.559	FY 13 & FY 14	3,565	3,937
Total - Child Nutrition Cluster				385,576	373,715
Child and Adult Care Food Program		10.558	FY 13 & FY 14	5,047	4,241
Total - Department of Agriculture				390,623	377,956
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-7515	90,229	-
			13-7515	172,453	109,556
			14-7515	-	178,398
Total - Title I, Part A Cluster				262,682	287,954
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	FY 13	265,051	45,193
			FY 14	-	207,640
			FY 12 (Impr)	18,820	-
Total - Special Education - Grants to States				283,871	252,833
Special Education - Preschool Grants	Indiana Department of Education	84.173	FY 13	12,228	-
			FY 14	-	11,774
Total - Special Education - Preschool Grants				12,228	11,774
Total - Special Education Cluster (IDEA)				296,099	264,607
Rural Education	Indiana Department of Education	84.358	FY 14	-	24,980
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	11-7515	5,471	-
			12-7515	77,748	-
			13-7515	21,195	56,634
			14-7515	-	51,190
Total - Improving Teacher Quality State Grants				104,414	107,824
Education Jobs	Indiana Department of Education	84.410	FY 13	9,994	-
Total - Department of Education				673,189	685,365
Total federal awards expended				\$ 1,063,812	\$ 1,063,321

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

NORTH JUDSON-SAN PIERRE 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	2013	2014
National School Lunch Program	10.555	<u>\$ 32,419</u>	<u>\$ 34,442</u>

NORTH JUDSON-SAN PIERRE 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?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

<u> Name of Federal Program or Cluster </u>
Child Nutrition Cluster
Special Education Cluster

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 - 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). Although the School Corporation had a system in place for reviewing the original SEFA after preparation, this process failed to prevent, or detect and correct, material errors.

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.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted that the three programs in the Child Nutrition Cluster were omitted from the FY2014 SEFA prepared by the School Corporation, which resulted in an understatement in the amount of \$373,715. 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 in part:

"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 total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

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

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation's system of internal controls related to financial transactions and reporting was not working effectively. The failure to monitor the internal control system places the School Corporation at risk that controls may be either designed improperly or operating ineffectively and not provide reasonable assurance that controls will prevent, or detect and correct, misstatements in a timely manner.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The cash balances, receipt transactions, and disbursement transactions for the School Lunch fund and Textbook Rental fund were not properly reported on the School Corporation's financial statement. Although amounts were immaterial to the financial statement, audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement 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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROLS OVER THE SCHOOL BREAKFAST PROGRAM, NATIONAL SCHOOL LUNCH PROGRAM, AND SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, and 10.559

Federal Award Years: FY 13 & FY 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 several of the compliance requirements that have a direct and material effect on the programs. This includes the compliance requirements for Allowable Activities, Allowable Costs, Cash Management, Eligibility, Reporting and Special Tests and Provisions - Verification of Free and Reduced Applications. 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.

Allowable Activities and Allowable Costs

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Corporation expends funds for only allowable activities and allowable costs of the programs. A review or approval process has not been established.

Cash Management

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were in compliance with the Cash Management requirements. A monitoring or review process has not been established to ensure that the School Lunch fund's net cash resources are limited to three months' average expenditures in compliance with Cash Management requirements.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Eligibility

The School Corporation has not designed or implemented adequate policies and procedures to ensure that eligibility for free and reduced price meals are accurately determined. Currently the application information is entered into the food service software which automatically makes the determination dependent on the information entered into the software. There was no segregation of duties, such as an oversight, review or approval process to ensure that the information entered into the food service software is correct.

Reporting

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. The monthly reimbursement request report is independently prepared by the Food Service Treasurer and submitted electronically via the Indiana Department of Education's website. This report is subjected to review prior to submission. The Food Service Treasurer also submits the Annual Financial Report which is not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process over compliance with the Reporting requirements.

Special Tests and Provisions - Verification of Free and Reduced Applications

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the verifications of free and reduced meal applications are completed by another person other than the employee who made the initial eligibility determination. The applications are imputed into the software for eligibility determination by the same employee determining the verifications. There was no segregation of duties, such as an oversight, review, or approval process over compliance with this Special Test and Provision requirement.

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 program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with 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 all compliance requirements that have a direct and material effect on the programs.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

***FINDING 2014-004 - INTERNAL CONTROL OVER SPECIAL EDUCATION - GRANTS
TO STATES AND SPECIAL EDUCATION - PRESCHOOL GRANTS***

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Years: FY 13, FY14, FY 12 (Impr), FY 13, FY 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 several of the compliance requirements that have a direct and material effect on the programs. This includes the compliance requirements for Allowable Activities, Allowable Costs, Cash Management, Period of Availability and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Allowable Activities and Allowable Costs

The School Corporation has not designed or implemented adequate policies and procedures to ensure that programs expenditures were in compliance with activities allowed and allowable costs requirements. Program expenditures were not always approved to indicate that the expenditures were for allowable activities and allowable costs of the programs.

Cash Management and Reporting

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted or that the expenditures submitted for reimbursement were paid prior to the request. Requests for reimbursement were prepared by the School Corporation Treasurer and properly filed with the Indiana Department of Education. However, the reports were not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

Period of Availability

The School Corporation has not designed or implemented adequate policies and procedures to ensure that accounts payable vouchers for program expenditures were monitored for compliance with the Period of Availability requirements. There was no segregation of duties, such as an oversight, review, or approval process.

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 program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with 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 all compliance requirements that have a direct and material effect on the programs.

AUDITEE PREPARED DOCUMENT

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



NORTH JUDSON-SAN PIERRE SCHOOL CORPORATION

801 Campbell Drive • North Judson, IN 46366 • Ph (574) 896-2155 • Fax (574) 896-2156

LYNN JOHNSON, Ed.S.
SUPERINTENDENT

April 2, 2015

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #3

Description of Corrective Action Plan:

The School Corporation will implement internal controls to oversee that the SEFA report is reviewed by at least two persons familiar with the information being requested on report.

FINDING 2014-002

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #3

Description of Corrective Action Plan:

The School Corporation will implement internal controls to oversee that the Food Service and Textbook Rental Funds are reviewed by at least two persons familiar with the information being requested on reports. There will also be a segregation of duties for receipting and expending funds.

FINDING 2014-003

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #3

Description of Corrective Action Plan:

The School Corporation will implement internal controls to oversee that the Food Service Program is reviewed by at least two persons familiar with the Food Service Program. There will be a segregation of duties for receipting and expending funds along with two persons reviewing all Food Service reports.

FINDING 2014-004

Contact Person Responsible for Corrective Action: Guy Richie

Contact Phone Number: 574-896-2155 ext. #3

Description of Corrective Action Plan:

The School Corporation will implement internal controls to oversee that the Special Education Grants are reviewed by at least two persons familiar with the Special Education Grants. There will be a segregation of duties for receipting and expending funds along with two persons reviewing all Special Education Grant reports.

Anticipated Completion Date: April 2, 2015

Guy Richie
(Signature)

Treasurer
(Title)

4/2/15
(Date)

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/>.