

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WEST NOBLE SCHOOL CORPORATION
NOBLE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
01/21/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara Fought	07-01-12 to 12-31-15
Superintendent of Schools	Dr. Dennis VanDuyne	07-01-12 to 06-30-15
President of the School Board	Mary Wysong Jeana Leamon	07-01-12 to 12-31-13 01-01-14 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WEST NOBLE SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the West Noble 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.

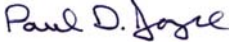
Other Information

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 December 22, 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

December 22, 2015



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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 WEST NOBLE 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 West Noble 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 December 22, 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 material weaknesses.

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

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

Compliance and Other Matters

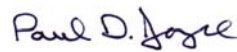
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

West Noble 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

December 22, 2015

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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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WEST NOBLE 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	\$ 1,780,705	\$ 16,685,756	\$ 16,426,089	\$ -	\$ 2,040,372	\$ 16,930,724	\$ 17,009,072	\$ 160,736	\$ 2,122,760
Debt Service	1,164,123	1,940,880	2,190,385	-	914,618	1,962,174	1,830,776	22,265	1,068,281
Retirement/Severance Bond Debt Service	39,419	379,146	385,000	-	33,565	493,773	385,000	-	142,338
Capital Projects	885,618	1,641,377	1,837,934	-	689,061	1,639,588	1,475,333	18,892	872,208
School Transportation	1,420,940	1,922,770	1,644,929	(150,000)	1,548,781	1,788,693	1,689,264	(162,007)	1,486,203
School Bus Replacement	253,287	253,794	182,537	-	324,544	393,782	390,020	4,723	333,029
Rainy Day	700,000	-	46,987	150,000	803,013	-	148,922	300,000	954,091
Post-Retirement/Severance Future Benefits	99,200	-	-	-	99,200	-	99,200	-	-
Construction	16,280	17,989	34,269	-	-	-	-	-	-
School Lunch	1,018,402	1,614,442	1,617,411	-	1,015,433	1,378,856	1,374,590	-	1,019,699
Textbook Rental	4,816	206,109	355,581	-	(144,656)	204,595	123,687	-	(63,748)
Self-Insurance	908,897	3,058,305	2,972,415	-	994,787	3,106,698	3,083,453	-	1,018,032
Levy Excess	264,742	10,597	-	-	275,339	-	-	(275,339)	-
New Dawn	-	12,099	18,992	-	(6,893)	27,172	23,274	-	(2,995)
Educational License Plates	9,522	263	-	-	9,785	225	689	-	9,321
Alternative Education	7,830	-	-	-	7,830	-	-	-	7,830
Teacher Award Grants	47	-	-	-	47	-	-	-	47
Science Fair Donation	951	-	-	-	951	-	-	-	951
Donation	16,616	35,380	26,703	-	25,293	17,684	26,185	-	16,792
Refining Our Schools Grant	78,335	-	60,568	-	17,767	-	4,023	-	13,744
Radio Station	2,466	237	2,503	-	200	-	200	-	-
High Ability Grant 12/13	-	35,296	14,838	-	20,458	-	20,458	-	-
High Ability Grant 13/14	-	-	-	-	-	34,744	13,317	-	21,427
High Ability Grant 11/12	23,874	-	23,874	-	-	-	-	-	-
NESP Grant 12/13	-	72,886	50,596	-	22,290	-	22,290	-	-
NESP Grant 13/14	-	-	-	-	-	74,220	49,080	-	25,140
NESP Grant 11/12	21,933	-	21,933	-	-	-	-	-	-
School Technology	49,719	17,328	3,437	-	63,610	16,672	3,161	-	77,121
Senator David Ford Technology	-	-	-	-	-	-	714	-	(714)
Excess PTRC Distributions	36,184	31,286	-	-	67,470	-	-	(67,470)	-
Title I 13/14	-	-	-	-	-	457,140	517,652	-	(60,512)
Title I 11/12	(75,550)	230,987	155,437	-	-	-	-	-	-
Title I 12/13	-	433,010	493,353	-	(60,343)	374,102	313,759	-	-
Title I, C Summer Program 12/13	-	7,163	8,462	-	(1,299)	8,335	7,036	-	-
Title I, C Summer Program 11/12	-	1,028	1,028	-	-	-	-	-	-
Title I, C Summer Program 13/14	-	-	-	-	-	22,056	24,870	-	(2,814)
Title 1, C 11/12	(4,904)	20,161	15,257	-	-	-	-	-	-
Summer Breakfast Program	(723)	11,421	10,136	-	562	8,830	6,612	-	2,780
Perkins Grant 09/10	1,040	-	435	-	605	-	-	-	605
Title II, A 12/13	-	68,609	76,681	-	(8,072)	37,312	29,240	-	-
Title II, A 13/14	-	-	-	-	-	66,915	74,790	-	(7,875)
Title II, A 10/11	(8,989)	55,842	46,853	-	-	-	-	-	-
Rural and Low Income Schools	-	50,017	55,841	-	(5,824)	10,872	5,048	-	-
Rural Ed Grant 13/14	-	-	-	-	-	27,204	34,691	-	(7,487)
Title III 12/13	-	40,156	46,153	-	(5,997)	68,943	62,946	-	-
Title III 13/14	-	-	-	-	-	62,947	78,397	-	(15,450)
Title III 11/12	(7,726)	35,570	27,844	-	-	-	-	-	-
Education Jobs	-	10,850	10,850	-	-	-	-	-	-
Payroll Clearing	-	4,217,027	4,217,027	-	-	4,217,399	4,217,399	-	-
Totals	\$ 8,707,054	\$ 33,117,781	\$ 33,082,338	\$ -	\$ 8,742,497	\$ 33,431,655	\$ 33,145,148	\$ 1,800	\$ 9,030,804

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

WEST NOBLE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WEST NOBLE 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 may include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

WEST NOBLE 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.

WEST NOBLE 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.

WEST NOBLE 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. Textbook Rental has a deficit in cash due to the rental of textbooks that is based upon 25 percent of the purchase price of the textbook. Textbooks are purchased prior to rental. Other deficit fund balances are a result of reimbursable grants. The reimbursements for expenditures made by the School Corporation in the grant funds were not received by June 30, 2013, or June 30, 2014.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with West Noble High 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 2013 and 2014 totaled \$922,328 and \$1,110,437, respectively.

OTHER INFORMATION - UNAUDITED

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

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

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

WEST NOBLE 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	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 1,780,705	\$ 1,164,123	\$ 39,419	\$ 885,618	\$ 1,420,940	\$ 253,287	\$ 700,000	\$ 99,200	\$ 16,280
Receipts:									
Local sources	141,222	1,911,880	379,146	1,641,377	1,922,770	253,794	-	-	-
Intermediate sources	5	-	-	-	-	-	-	-	-
State sources	16,544,529	-	-	-	-	-	-	-	-
Federal sources	-	29,000	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	17,989
Other	-	-	-	-	-	-	-	-	-
Total receipts	16,685,756	1,940,880	379,146	1,641,377	1,922,770	253,794	-	-	17,989
Disbursements:									
Current:									
Instruction	11,706,590	-	-	-	-	-	-	-	-
Support services	4,561,582	-	-	982,298	1,644,929	182,537	46,987	-	-
Noninstructional services	157,917	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	855,636	-	-	-	-	34,269
Debt services	-	2,190,385	385,000	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	16,426,089	2,190,385	385,000	1,837,934	1,644,929	182,537	46,987	-	34,269
Excess (deficiency) of receipts over disbursements	259,667	(249,505)	(5,854)	(196,557)	277,841	71,257	(46,987)	-	(16,280)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	150,000	-	-
Transfers out	-	-	-	-	(150,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(150,000)	-	150,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	259,667	(249,505)	(5,854)	(196,557)	127,841	71,257	103,013	-	(16,280)
Cash and investments - ending	\$ 2,040,372	\$ 914,618	\$ 33,565	\$ 689,061	\$ 1,548,781	\$ 324,544	\$ 803,013	\$ 99,200	\$ -

WEST NOBLE 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	Self- Insurance	Levy Excess	New Dawn	Educational License Plates	Alternative Education	Teacher Award Grants	Science Fair Donation
Cash and investments - beginning	\$ 1,018,402	\$ 4,816	\$ 908,897	\$ 264,742	\$ -	\$ 9,522	\$ 7,830	\$ 47	\$ 951
Receipts:									
Local sources	748,940	76,561	3,058,305	10,597	12,099	-	-	-	-
Intermediate sources	-	-	-	-	-	263	-	-	-
State sources	8,624	129,548	-	-	-	-	-	-	-
Federal sources	856,878	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,614,442	206,109	3,058,305	10,597	12,099	263	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	61,187	355,581	-	-	18,992	-	-	-	-
Noninstructional services	1,552,908	-	-	-	-	-	-	-	-
Facilities acquisition and construction	3,316	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,972,415	-	-	-	-	-	-
Total disbursements	1,617,411	355,581	2,972,415	-	18,992	-	-	-	-
Excess (deficiency) of receipts over disbursements	(2,969)	(149,472)	85,890	10,597	(6,893)	263	-	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,969)	(149,472)	85,890	10,597	(6,893)	263	-	-	-
Cash and investments - ending	\$ 1,015,433	\$ (144,656)	\$ 994,787	\$ 275,339	\$ (6,893)	\$ 9,785	\$ 7,830	\$ 47	\$ 951

WEST NOBLE 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)

	Donation	Refining Our Schools Grant	Radio Station	High Ability Grant 12/13	High Ability Grant 13/14	High Ability Grant 11/12	NESP Grant 12/13	NESP Grant 13/14
Cash and investments - beginning	\$ 16,616	\$ 78,335	\$ 2,466	\$ -	\$ -	\$ 23,874	\$ -	\$ -
Receipts:								
Local sources	35,380	-	237	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	35,296	-	-	72,886	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	35,380	-	237	35,296	-	-	72,886	-
Disbursements:								
Current:								
Instruction	20,281	-	2,503	14,838	-	23,874	50,596	-
Support services	6,422	60,568	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	26,703	60,568	2,503	14,838	-	23,874	50,596	-
Excess (deficiency) of receipts over disbursements	8,677	(60,568)	(2,266)	20,458	-	(23,874)	22,290	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,677	(60,568)	(2,266)	20,458	-	(23,874)	22,290	-
Cash and investments - ending	\$ 25,293	\$ 17,767	\$ 200	\$ 20,458	\$ -	\$ -	\$ 22,290	\$ -

WEST NOBLE 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)

	NESP Grant 11/12	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I 13/14	Title I 11/12	Title I 12/13	Title I, C Summer Program 12/13
Cash and investments - beginning	\$ 21,933	\$ 49,719	\$ -	\$ 36,184	\$ -	\$ (75,550)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	31,286	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	17,328	-	-	-	-	-	-
Federal sources	-	-	-	-	-	230,987	433,010	7,163
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	17,328	-	31,286	-	230,987	433,010	7,163
Disbursements:								
Current:								
Instruction	21,933	-	-	-	-	125,478	376,355	7,516
Support services	-	3,437	-	-	-	29,296	103,883	-
Noninstructional services	-	-	-	-	-	663	13,115	946
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	21,933	3,437	-	-	-	155,437	493,353	8,462
Excess (deficiency) of receipts over disbursements	(21,933)	13,891	-	31,286	-	75,550	(60,343)	(1,299)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,933)	13,891	-	31,286	-	75,550	(60,343)	(1,299)
Cash and investments - ending	\$ -	\$ 63,610	\$ -	\$ 67,470	\$ -	\$ -	\$ (60,343)	\$ (1,299)

WEST NOBLE 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, C Summer Program 11/12	Title I, C Summer Program 13/14	Title I, C 11/12	Summer Breakfast Program	Perkins Grant 09/10	Title II, A 12/13	Title II, A 13/14	Title II, A 10/11
Cash and investments - beginning	\$ -	\$ -	\$ (4,904)	\$ (723)	\$ 1,040	\$ -	\$ -	\$ (8,989)
Receipts:								
Local sources	-	-	-	11,421	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	1,028	-	20,161	-	-	68,609	-	55,842
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	1,028	-	20,161	11,421	-	68,609	-	55,842
Disbursements:								
Current:								
Instruction	-	-	14,152	1,010	435	-	-	-
Support services	1,028	-	1,105	-	-	76,681	-	46,853
Noninstructional services	-	-	-	9,126	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,028	-	15,257	10,136	435	76,681	-	46,853
Excess (deficiency) of receipts over disbursements	-	-	4,904	1,285	(435)	(8,072)	-	8,989
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	4,904	1,285	(435)	(8,072)	-	8,989
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 562	\$ 605	\$ (8,072)	\$ -	\$ -

WEST NOBLE 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)

	Rural and Low Income Schools	Rural Ed Grant 13/14	Title III 12/13	Title III 13/14	Title III 11/12	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (7,726)	\$ -	\$ -	\$ 8,707,054
Receipts:								
Local sources	-	-	-	-	-	-	-	10,235,015
Intermediate sources	-	-	-	-	-	-	-	268
State sources	-	-	-	-	-	-	-	16,808,211
Federal sources	50,017	-	40,156	-	35,570	10,850	-	1,839,271
Temporary loans	-	-	-	-	-	-	-	17,989
Other	-	-	-	-	-	-	4,217,027	4,217,027
Total receipts	50,017	-	40,156	-	35,570	10,850	4,217,027	33,117,781
Disbursements:								
Current:								
Instruction	-	-	46,153	-	27,844	10,850	-	12,450,408
Support services	55,841	-	-	-	-	-	-	8,239,207
Noninstructional services	-	-	-	-	-	-	-	1,734,675
Facilities acquisition and construction	-	-	-	-	-	-	-	893,221
Debt services	-	-	-	-	-	-	-	2,575,385
Nonprogrammed charges	-	-	-	-	-	-	4,217,027	7,189,442
Total disbursements	55,841	-	46,153	-	27,844	10,850	4,217,027	33,082,338
Excess (deficiency) of receipts over disbursements	(5,824)	-	(5,997)	-	7,726	-	-	35,443
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	150,000
Transfers out	-	-	-	-	-	-	-	(150,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,824)	-	(5,997)	-	7,726	-	-	35,443
Cash and investments - ending	\$ (5,824)	\$ -	\$ (5,997)	\$ -	\$ -	\$ -	\$ -	\$ 8,742,497

WEST NOBLE 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	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 2,040,372	\$ 914,618	\$ 33,565	\$ 689,061	\$ 1,548,781	\$ 324,544	\$ 803,013	\$ 99,200	\$ -
Receipts:									
Local sources	78,107	1,962,174	493,773	1,639,588	1,788,693	393,782	-	-	-
Intermediate sources	10	-	-	-	-	-	-	-	-
State sources	16,852,607	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	16,930,724	1,962,174	493,773	1,639,588	1,788,693	393,782	-	-	-
Disbursements:									
Current:									
Instruction	12,113,172	-	-	-	-	-	-	47,490	-
Support services	4,735,337	-	-	956,028	1,689,264	390,020	10,000	51,710	-
Noninstructional services	160,563	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	519,305	-	-	138,922	-	-
Debt services	-	1,830,776	385,000	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	17,009,072	1,830,776	385,000	1,475,333	1,689,264	390,020	148,922	99,200	-
Excess (deficiency) of receipts over disbursements	(78,348)	131,398	108,773	164,255	99,429	3,762	(148,922)	(99,200)	-
Other financing sources (uses):									
Sale of capital assets	1,800	-	-	-	-	-	-	-	-
Transfers in	158,936	22,265	-	18,892	137,993	4,723	300,000	-	-
Transfers out	-	-	-	-	(300,000)	-	-	-	-
Total other financing sources (uses)	160,736	22,265	-	18,892	(162,007)	4,723	300,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	82,388	153,663	108,773	183,147	(62,578)	8,485	151,078	(99,200)	-
Cash and investments - ending	\$ 2,122,760	\$ 1,068,281	\$ 142,338	\$ 872,208	\$ 1,486,203	\$ 333,029	\$ 954,091	\$ -	\$ -

WEST NOBLE 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	Self- Insurance	Levy Excess	New Dawn	Educational License Plates	Alternative Education	Teacher Award Grants	Science Fair Donation
Cash and investments - beginning	\$ 1,015,433	\$ (144,656)	\$ 994,787	\$ 275,339	\$ (6,893)	\$ 9,785	\$ 7,830	\$ 47	\$ 951
Receipts:									
Local sources	519,046	76,312	3,106,698	-	27,172	-	-	-	-
Intermediate sources	-	-	-	-	-	225	-	-	-
State sources	8,385	128,283	-	-	-	-	-	-	-
Federal sources	851,425	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,378,856	204,595	3,106,698	-	27,172	225	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	7,233	689	-	-	-
Support services	31,252	123,687	-	-	16,041	-	-	-	-
Noninstructional services	1,337,319	-	-	-	-	-	-	-	-
Facilities acquisition and construction	6,019	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	3,083,453	-	-	-	-	-	-
Total disbursements	1,374,590	123,687	3,083,453	-	23,274	689	-	-	-
Excess (deficiency) of receipts over disbursements	4,266	80,908	23,245	-	3,898	(464)	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(275,339)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(275,339)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,266	80,908	23,245	(275,339)	3,898	(464)	-	-	-
Cash and investments - ending	\$ 1,019,699	\$ (63,748)	\$ 1,018,032	\$ -	\$ (2,995)	\$ 9,321	\$ 7,830	\$ 47	\$ 951

WEST NOBLE 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)

	Donation	Refining Our Schools Grant	Radio Station	High Ability Grant 12/13	High Ability Grant 13/14	High Ability Grant 11/12	NESP Grant 12/13	NESP Grant 13/14
Cash and investments - beginning	\$ 25,293	\$ 17,767	\$ 200	\$ 20,458	\$ -	\$ -	\$ 22,290	\$ -
Receipts:								
Local sources	17,684	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	34,744	-	-	74,220
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	17,684	-	-	-	34,744	-	-	74,220
Disbursements:								
Current:								
Instruction	25,999	-	200	20,458	13,317	-	22,290	49,080
Support services	186	4,023	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	26,185	4,023	200	20,458	13,317	-	22,290	49,080
Excess (deficiency) of receipts over disbursements	(8,501)	(4,023)	(200)	(20,458)	21,427	-	(22,290)	25,140
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	(8,501)	(4,023)	(200)	(20,458)	21,427	-	(22,290)	25,140
Cash and investments - ending	\$ 16,792	\$ 13,744	\$ -	\$ -	\$ 21,427	\$ -	\$ -	\$ 25,140

WEST NOBLE 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)

	NESP Grant 11/12	School Technology	Senator David Ford Technology	Excess PTRC Distributions	Title I 13/14	Title I 11/12	Title I 12/13	Title I, C Summer Program 12/13
Cash and investments - beginning	\$ -	\$ 63,610	\$ -	\$ 67,470	\$ -	\$ -	\$ (60,343)	\$ (1,299)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	16,672	-	-	-	-	-	-
Federal sources	-	-	-	-	457,140	-	374,102	8,335
Other	-	-	-	-	-	-	-	-
Total receipts	-	16,672	-	-	457,140	-	374,102	8,335
Disbursements:								
Current:								
Instruction	-	-	714	-	394,675	-	261,252	7,036
Support services	-	3,161	-	-	111,089	-	48,707	-
Noninstructional services	-	-	-	-	11,888	-	3,800	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	3,161	714	-	517,652	-	313,759	7,036
Excess (deficiency) of receipts over disbursements	-	13,511	(714)	-	(60,512)	-	60,343	1,299
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(67,470)	-	-	-	-
Total other financing sources (uses)	-	-	-	(67,470)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	13,511	(714)	(67,470)	(60,512)	-	60,343	1,299
Cash and investments - ending	\$ -	\$ 77,121	\$ (714)	\$ -	\$ (60,512)	\$ -	\$ -	\$ -

WEST NOBLE 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, C Summer Program 11/12	Title I, C Summer Program 13/14	Title I, C 11/12	Summer Breakfast Program	Perkins Grant 09/10	Title II, A 12/13	Title II, A 13/14	Title II, A 10/11
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 562	\$ 605	\$ (8,072)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	8,830	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	22,056	-	-	-	37,312	66,915	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	22,056	-	8,830	-	37,312	66,915	-
Disbursements:								
Current:								
Instruction	-	9,542	-	-	-	-	-	-
Support services	-	-	-	-	-	29,240	74,790	-
Noninstructional services	-	15,328	-	6,612	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	24,870	-	6,612	-	29,240	74,790	-
Excess (deficiency) of receipts over disbursements	-	(2,814)	-	2,218	-	8,072	(7,875)	-
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	-	(2,814)	-	2,218	-	8,072	(7,875)	-
Cash and investments - ending	\$ -	\$ (2,814)	\$ -	\$ 2,780	\$ 605	\$ -	\$ (7,875)	\$ -

WEST NOBLE 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)

	Rural and Low Income Schools	Rural Ed Grant 13/14	Title III 12/13	Title III 13/14	Title III 11/12	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (5,824)	\$ -	\$ (5,997)	\$ -	\$ -	\$ -	\$ -	\$ 8,742,497
Receipts:								
Local sources	-	-	-	-	-	-	-	10,111,859
Intermediate sources	-	-	-	-	-	-	-	235
State sources	-	-	-	-	-	-	-	17,114,911
Federal sources	10,872	27,204	68,943	62,947	-	-	-	1,987,251
Other	-	-	-	-	-	-	4,217,399	4,217,399
Total receipts	10,872	27,204	68,943	62,947	-	-	4,217,399	33,431,655
Disbursements:								
Current:								
Instruction	-	-	43,296	78,397	-	-	-	13,094,840
Support services	5,048	34,691	19,650	-	-	-	-	8,333,924
Noninstructional services	-	-	-	-	-	-	-	1,535,510
Facilities acquisition and construction	-	-	-	-	-	-	-	664,246
Debt services	-	-	-	-	-	-	-	2,215,776
Nonprogrammed charges	-	-	-	-	-	-	4,217,399	7,300,852
Total disbursements	5,048	34,691	62,946	78,397	-	-	4,217,399	33,145,148
Excess (deficiency) of receipts over disbursements	5,824	(7,487)	5,997	(15,450)	-	-	-	286,507
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,800
Transfers in	-	-	-	-	-	-	-	642,809
Transfers out	-	-	-	-	-	-	-	(642,809)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,800
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,824	(7,487)	5,997	(15,450)	-	-	-	288,307
Cash and investments - ending	\$ -	\$ (7,487)	\$ -	\$ (15,450)	\$ -	\$ -	\$ -	\$ 9,030,804

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
US Bank	Copiers	\$ 113,862	10/2/2012	10/1/2016
West Noble High School Building Corporation	Building Improvements	641,500	6/30/2008	12/31/2019
West Noble High School Building Corporation	Building Improvements QSCB Bonds 2011	459,000	12/31/2011	12/31/2019
West Noble High School Building Corporation	Building Improvements QZAB Bonds 2005	108,278	6/30/2006	6/30/2020
Total of annual lease payments		<u>\$ 1,322,640</u>		
Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Pension Debt		\$ 1,429,584	\$ 390,000
Notes and loans payable	Common School Loan A0350		1,500,000	254,000
Notes and loans payable	Common School Loan A0569		6,534,883	447,653
Total governmental activities			<u>9,464,467</u>	<u>1,091,653</u>
Totals			<u>\$ 9,464,467</u>	<u>\$ 1,091,653</u>

WEST NOBLE 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	\$ 77,500
Buildings	39,690,111
Improvements other than buildings	3,949,706
Machinery, equipment, and vehicles	<u>3,963,954</u>
Total capital assets	<u>\$ 47,681,271</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
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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 WEST NOBLE SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the West Noble 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.

Basis for Disclaimer Opinion on Child Nutrition Cluster

As described in items 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, and 2014-009 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient documentation supporting the compliance of the School Corporation with requirements regarding Activities Allowed or

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

Unallowed, Allowable Costs, Eligibility, Procurement and Suspension and Debarment, Program Income, Special Tests and Provisions - School Food Accounts, Reporting, and Special Tests and Provisions - Paid Lunch Equity that are applicable to its Child Nutrition Cluster, nor were we able to satisfy ourselves as to the School Corporation's compliance with those requirements by other auditing procedures.

Disclaimer of Opinion on Child Nutrition Cluster

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on child Nutrition Cluster* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the School Corporation's compliance 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 results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-011. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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


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

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 items 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, 2014-010, and 2014-011 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

December 22, 2015

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.

WEST NOBLE 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>U.S. Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 12-13 FY 13-14	\$ 90,422 -	\$ - 109,765
Total - School Breakfast Program				90,422	109,765
National School Lunch Program	Indiana Department of Education	10.555	FY 12-13 FY 13-14	856,258 -	- 889,150
Total - National School Lunch Program				856,258	889,150
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 12-13 FY 13-14	11,421 -	- 7,879
Total - Summer Food Service Program for Children				11,421	7,879
Total - Child Nutrition Cluster				958,101	1,006,794
Total - U.S. Department of Agriculture				958,101	1,006,794
<u>U.S. Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-6065 13-6065 14-6065	230,987 433,010 -	- 374,102 457,140
Total - Title I Grants to Local Educational Agencies				663,997	831,242
Total - Title I, Part A Cluster				663,997	831,242

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Education (continued)</u>					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14212-046-PN01	187,641	-
			14213-046-PN01	317,726	188,372
			14214-046-PN01	-	353,821
			99914-046-TA01	-	5,330
				<u>505,367</u>	<u>547,523</u>
Total - Special Education - Grants to States					
				<u>505,367</u>	<u>547,523</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45713-046-PN01	17,097	-
			45714-046-PN01	-	16,288
				<u>17,097</u>	<u>16,288</u>
Total - Special Education - Preschool Grants					
				<u>17,097</u>	<u>16,288</u>
Total - Special Education Cluster (IDEA)				<u>522,464</u>	<u>563,811</u>
Migrant Education - State Grant Program	Indiana Department of Education	84.011			
			38211-015-PN01	20,161	-
			38212-016-PN01	7,163	8,335
			38213-002-PN01	-	22,056
			2012 Summer	1,028	-
				<u>28,352</u>	<u>30,391</u>
Total - Migrant Education - State Grant Program					
				<u>28,352</u>	<u>30,391</u>
Rural Education	Indiana Department of Education	84.358			
			FY 11	50,017	10,872
			FY 12	-	27,204
				<u>50,017</u>	<u>38,076</u>
Total - Rural Education					
				<u>50,017</u>	<u>38,076</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365			
			11-12	35,570	-
			01113-073-PN01	40,156	68,943
			01114-092-PN01	-	62,947
				<u>75,726</u>	<u>131,890</u>
Total - English Language Acquisition State Grants					
				<u>75,726</u>	<u>131,890</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			SY 11-12	55,842	-
			SY12-13	68,609	37,312
			SY 13-14	-	66,915
				<u>124,451</u>	<u>104,227</u>
Total - Improving Teacher Quality State Grants					
				<u>124,451</u>	<u>104,227</u>
Education Jobs Fund	Indiana Department of Education	84.410			
			FY 11-12	10,850	-
				<u>10,850</u>	<u>-</u>
Total - U.S. Department of Education				<u>1,475,857</u>	<u>1,699,637</u>
Total federal awards expended				<u>\$ 2,433,958</u>	<u>\$ 2,706,431</u>

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

WEST NOBLE 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.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2013</u>	<u>2014</u>
Child Nutrition Cluster: Food Commodities: National School Lunch Program	10.555	<u>\$ 98,073</u>	<u>\$ 99,278</u>

WEST NOBLE 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?	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:	Disclaimer for Child Nutrition Cluster; Unmodified for Title I, Part A Cluster and Special Education Cluster (IDEA)
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 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

During the audit of the SEFA, we noted the following errors: two grants were not included and for several grants the amounts reported were not correct. In total, the SEFA was overreported in FY 2013 by \$697,480 and in FY 2014 by \$166,558. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

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. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts and cash. There is no segregation of duties, including no oversight, review, or approval process. We believe these deficiencies constitute material weaknesses:

1. The School Corporation Treasurer, except for school lunch monies, receives all cash, prepares the deposit slips, and takes the deposit to the bank. The School Corporation Treasurer also posts all cash transactions to the ledger and reconciles the bank accounts for all funds received at the School Corporation.
2. The School Lunch Clerk picks up and verifies each School's cafeteria collections to the food service program prior to the bank deposit. There was no documentation presented for audit of the School Lunch Clerk's verification.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the financial statement 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 financial transactions and reporting. 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.

The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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 SCHOOL CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Years: FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

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

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 Cash Management and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements. 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.

Cash Management

Federal regulations require schools to maintain a food service balance less than or equal to 3 months average operating expenses. The School Corporation has a lack of internal control over their food service balance. The School Corporation did not establish a control to ensure that the food service balance is less than or equal to 3 months average operating expenses.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal regulations require that schools select and verify a sample of their approved free and reduced price meal applications on file as of October 1. The Food Service Clerk performed the verifications; however, there was not control in place to determine whether the verifications performed were correct.

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. Noncompliance 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 noted above that have a direct and material effect on the programs.

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

FINDING 2014-004 - ALLOWABLE ACTIVITIES AND ALLOWABLE COSTS

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number and Years: FY 12-13, FY 13-14
Pass-Through Entity: Indiana Department of Education

The School Corporation maintains timesheets for all food service personnel and substitutes. The School Lunch Clerk is also the School Corporation's Maintenance Secretary; however, the School Lunch Clerk's timesheets do not detail the time specifically worked for food service and maintenance. As a result, the School Lunch Clerk's payroll expenditures could not be verified for Allowable Activities and Allowable Costs.

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

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - (a) More than one Federal award,
 - (b) A Federal award and a non Federal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity."

WEST NOBLE 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."

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 has the School Lunch Clerk prepare timesheets that reflect time worked for school lunch and maintenance.

FINDING 2014-005 - ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number and Years: FY 12-13, FY 13-14
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 Eligibility compliance requirements. 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.

A parent must file an application for their child to qualify for free or reduced price meals unless the child qualifies through direct certification. For applications filed, the Food Service Secretary, Clerk, and Cafeteria Managers individually determine whether a child qualifies for free or reduced priced meals. There was no control in place to ensure whether eligibility determination was correct.

The School Corporation did not have a system in place during the audit period which consistently yields correct claims for lunches served only to children eligible for free, reduced price, and paid lunches. For school years 2012-2013 and 2013-2014, the School Corporation had a total of 1,187 free and reduce price applications on file. A haphazard sample of 60 applications were chosen to test whether the School Corporation properly determined free and reduce price eligibility. The School Corporation incorrectly determined eligibility on 2 free and reduce price applications.

The Indiana Department of Education also conducted a National School Lunch Program review over the School Corporation on February 3, 2014. Their findings over free and reduce price eligibility disclosed that one application was approved incorrectly.

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

7 CFR 210.18(b)(2)(i) states:

"Performance Standard 1—Certification/Counting/Claiming—All free, reduced price and paid lunches claimed for reimbursement are served only to children eligible for free, reduced price and paid lunches, respectively; and counted, recorded, consolidated and reported through a system which consistently yields correct claims."

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."

Noncompliance 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 and implement controls, including segregation of duties, related to the grant agreement and the Eligibility compliance requirements.

FINDING 2014-006 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Years: FY 12-13, FY 13-14

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 Procurement and Suspension and Debarment compliance requirements. 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.

The School Corporation solicited and awarded bids for milk during the audit period. Management did not establish controls or verify to ensure milk vendors were not suspended or debarred prior to the bid award.

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

The Indiana Department of Education audited the National School Lunch Program at the School Corporation on February 3, 2014. The Indiana Department of Education found that the School Corporation has not been employing competitive buying practices where competitive sources are available for milk and bread. As a result of the School Corporation not employing competitive buying practices, the School Corporation is not in compliance with federal and state procurement standards and laws.

7 CFR 3016.36(b) states in part:

"Procurement standards. (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

Indiana Code 5-22-7-1 states:

"A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

2 CFR 180.300 states:

"What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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."

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

Noncompliance 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 and implement controls, including segregation of duties, related to the grant agreement and Procurement and Suspension and Debarment compliance requirements.

***FINDING 2014-007 - PROGRAM INCOME AND SPECIAL TESTS
AND PROVISIONS - SCHOOL FOOD ACCOUNTS***

Federal Agency: U.S. Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Years: FY 12-13, FY 13-14

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 Program Income and Special Tests and Provisions - School Food Accounts compliance requirements. 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.

The School Corporation receives program income from meal sales. The Food Service Secretary collects the program income from each school and deposits the program income to the bank. The School Corporation Treasurer posts program income into the school food account. Prior to depositing the program income to the bank, the Food Service Secretary compares the program income collected to the total program income reported on the School Corporation's food service program. This comparison allows the Food Service Secretary to verify that program income was collected in full prior to depositing the collections and the School Corporation Treasurer receipting program income. During the audit period, no documentation could be obtained of the Food Service Secretary's comparison.

In addition, the School Corporation did not maintain daily food service collection reports. As a result, the assessing, collecting, and recording of program income could not be verified.

The School Corporation also receives and posts student prepaid meal money into their School Lunch fund. There are no internal controls for reconciling the prepaid meal control account to the subsidiary student meal account records. The School Corporation did not retain subsidiary student meal account records generated from their food service accounting program during the audit period. As a result, the ending balance of the prepaid meal control account at June 30, 2014, in the amount of \$59,024.09 could not be verified.

7 CFR 3016.42 states in part:

"(a) *Applicability.* (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees . . .

(b) *Length of retention period.* (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section. . . ."

WEST NOBLE 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."

Noncompliance 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 and implement controls, including segregation of duties, related to the grant agreement and Program Income and Special Tests and Provisions - School Food Account compliance requirements.

FINDING 2014-008 - REPORTING - CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number and Years: FY 12-13, FY 13-14
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 Reporting compliance requirements. 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.

The School Corporation must submit an Annual Financial Report, Subrecipient Special Reporting - Claim for Reimbursement, and Subrecipient Special Reporting - Verification Summary Report as required by the Indiana Department of Education. The individual preparing the reports submits the reports without a control in place to determine whether the reports were accurate. Reporting errors were identified on all three reports.

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

1. Annual Financial Report Errors

a. The School Corporation Treasurer prepares the Annual Financial Report from data derived from the School Corporation's school lunch accounting program and the Indiana Department of Education's Fiscal Financial Report. The Annual Financial Report filed for fiscal years 2013 and 2014 could only be reconciled back to total income and expenses. There was no supporting documentation on how specific income and expenses items were derived.

b. The Annual Financial Report filed for fiscal years 2013 and 2014 contained student prepaid activity which does not relate to the programs.

2. Subrecipient Special Reporting - Claim for Reimbursement

a. The School Corporation submits a claim for reimbursement for free, reduced, and paid meals served to the Indiana Department of Education. The School Corporation did not maintain the counts for free, reduced, and paid meals served from their food service accounting program for the high school, middle school, and primary school.

b. The Indiana Department of Education audited the Summer Food Service Program on July 26, 2013. The Indiana Department of Education found that the School Corporation claimed ineligible adult meals served on their June 2013 claim for reimbursement. The Indiana Department of Education also found that the total meals served as reported on their June 2013 claim for reimbursement did not match the School Corporation's detail of daily summer meal counts.

c. The Indiana Department of Education audited the National School Lunch Program on February 3, 2014. The Indiana Department of Education found that the elementary school's counts for free, reduced, and paid meals served were incorrectly reported on their claims for reimbursement.

3. Subrecipient Special Reporting - Verification Summary Report

a. The School Corporation did not have supporting documentation to prove the final reported amount of all directly certified students on the Verification Summary Report filed for fiscal year 2013.

b. The School Corporation did not have supporting documentation to prove the reported amounts for sections 1, 3, and 4 of the Verification Summary Report filed for fiscal year 2014. These sections require information regarding the number of schools and students of the School Corporation, number of students directly certified and number of students and applications approved for free or reduced price meals.

7 CFR 3016.20(b)(1) states:

"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."

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

7 CFR 3016.42 states in part:

"(a) *Applicability.* (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees . . .

(b) *Length of retention period.* (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section. . . ."

7 CFR 225.1 states:

"This part establishes the regulations under which the Secretary will administer a Summer Food Service Program. Section 13 of the Act authorizes the Secretary to assist States through grants-in-aid to conduct nonprofit food service programs for children during the summer months and at other approved times. The primary purpose of the Program is to provide food service to children from needy areas during periods when area schools are closed for vacation."

7 CFR 225.2 states in part:

"*Children* means (a) persons 18 years of age and under, and (b) persons over 18 years of age who are determined by a State educational agency or a local public educational agency of a State to be mentally or physically handicapped and who participate in a public or nonprofit private school program established for the mentally or physically handicapped."

7 CFR 210.8(a)(2) states:

"*School food authority claims review process.* Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

- (4) Currently approved and denied applications for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title . . ."

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.

WEST NOBLE 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."

Noncompliance 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 and implement controls, including segregation of duties, to ensure compliance with the grant agreement and Reporting compliance requirements.

FINDING 2014-009 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: U.S. Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Years: FY 12-13, FY 13-14

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 Special Tests and Provisions - Paid Lunch Equity compliance requirements. 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.

Federal regulations require that schools annually review their paid lunch revenue to assure compliance with the Paid Lunch Equity requirement. Schools must calculate their weighted average price to determine if it has sufficient funding for paid meals served. The School Corporation Treasurer calculates the weighted average price for the School Corporation; however, there is no control to ensure that the calculation was correct.

The School Corporation retained their school lunch equity calculation for the school year 2012-2013. The School Corporation used the weighted average price calculator from the Indiana Department of Education website to perform school year 2012-2013 calculations. The weighted average price is based on total monthly revenue from anticipated paid lunch prices divided by the number of paid lunches served in October 2011. If the weighted average price is less than the difference between the free and paid federal reimbursement rates, the School Corporation must either increase their weighted average price or provide funds from non-federal sources. The calculations for school year 2012-2013 could not be verified because the School Corporation did not maintain the October 2011 meal counts. As a result, the compliance requirement for Paid Lunch Equity could not be verified.

The School Corporation calculated, but did not retain, the calculation for paid lunch equity for school year 2013-2014. As a result, the compliance requirement for Paid Lunch Equity could not be verified.

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

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) Calculation procedures. Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (i.e., the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section.
. . ."

7 CFR 210.15(b)(6) states: "Records to document compliance with the requirements in §210.14(e)"

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."

Noncompliance 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, to ensure compliance with the grant agreement and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

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

FINDING 2014-010 - INTERNAL CONTROLS OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 12-6065, 13-6065, 14-6065
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 Cash Management compliance requirements. 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 program.

The School Corporation submits claims for reimbursement for Title I expenditures monthly to the Indiana Department of Education. There is no control in place to ensure that the Claims for Reimbursement are accurate.

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 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 Cash Management compliance requirements.

FINDING 2014-011 - REPORTING - TITLE I, PART A CLUSTER

Federal Agency: U.S. Department of Education
Federal Program: Title I for Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 12-6065, 13-6065, 14-6065
Pass-Through Entity: Indiana Department of Education

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

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 Reporting compliance requirements. 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 program.

The School Corporation submits Claims for Reimbursement and a Final Expenditure Report at the end of each grant to the Indiana Department of Education. There is no control in place to ensure that these reports are accurate.

The amounts spent out of the budget codes per the October 2012 reimbursement and the Final Expenditure Report for the grant year 2012-2013 did not agree to the amounts spent from the corresponding budget codes per the financial records of the School Corporation. The total dollar amount reimbursed is in agreement with the total dollars expended.

34 CFR 80.20(b) states in part:

"The financial management system 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.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlay or expenditures, and income. . . .
- (4) *Budget control.* Actual expenditures or capital outlay must be compared with budgeted amounts for each grant or subgrant. . . .
- (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. . . ."

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.

WEST NOBLE 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."

Noncompliance 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, to ensure compliance with the grant agreement and Reporting compliance requirements.

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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.

West Noble School Corporation

DR. DENNIS VANDUYNE, Superintendent
CANDICE HOLBROOK, Curriculum Coordinator

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Contract Person: Barbara Fought
Title: Treasurer
Phone Number: 260-894-3191, ext 5003

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). For fiscal year 2013 the School Corporation used expenditure amounts for reporting of the SEFA, but not all of the amounts could be traced to the general ledger. For 2014 the School Corporation used reimbursed amounts for reporting of the SEFA, but not all of the amounts agreed with the general ledger. There was not a secondary review over the preparation of the SEFA.

Corrective Action Anticipated Completion Date: July 1, 2015

The Treasurer will only include the expenditures claimed for reimbursement on the SEFA and verify the amounts with the general ledger. The Deputy Treasurer will verify amounts entered on the SEFA with the general ledger and sign off on review paperwork.

Barbara Fought, 4-29-15

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FINDING 2014-002 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

- 1 The School Corporation Treasurer, except for school lunch, receives all cash, prepares the deposit slips, and takes the deposit to the bank. The School Corporation Treasurer also posts all cash transactions to the ledger and reconciles the bank accounts for all funds received at the School Corporation.
- 2 The School Lunch Clerk (2) picks up and verifies each school's cafeteria collections to the food service program prior to the bank deposit. There was no evidence presented for audit to prove that the School Lunch Clerk verified each school's cafeteria collections to the food service program prior to the bank deposit.

Corrective Action Anticipated Completion Date: May 1, 2015

- 1 Corporation bank deposits will be verified and signed by the Corporation Deputy Treasurer prior to depositing.
- 2 The appropriate report will be printed from the food service program, signed by Corporation Treasurer, and stapled to the deposit as evidence.

 4-29-15

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FINDING 2014-003 INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

- 1 Federal regulations require schools to maintain a food service balance less than or equal to 3 months average operating expenses. The School Corporation has a lack of internal control over their food service balance. No one, other than the Corporation Treasurer, reviews the food service balance regularly to ensure that the food service balance is less than or equal to 3 months average operating expenses.
- 2 Federal regulations require that schools select and verify a sample of their approved free and reduced price meal applications on file as of October 1. The food service clerk (1) performed the verifications without a secondary review from another individual to determine whether the verifications performed were correct.

Corrective Action Anticipated Completion Date: July 1, 2015

- 1 The School Corporation Treasurer will meet monthly with the Superintendent to review the School Lunch Fund balance.
- 2 School Lunch Clerk (2) will review verifications performed by School Lunch Clerk (1).

 4-29-15

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Finding 2014-004 ALLOWABLE ACTIVITIES AND ALLOWABLE COSTS

The School Corporation maintains timesheets for all food service personnel and substitutes. School Lunch Clerk (1) is also the School Corporation's maintenance secretary; however, the School Lunch Clerk's (1) timesheets do not detail the time specifically worked for food service and maintenance. As a result, the School Lunch Clerk's (1) payroll expenditures could not be verified for Allowable Activities and Allowable Costs.

Corrective Action Anticipated Completion Date: May 10, 2015
School Lunch Clerk's (1) timesheet will be modified to allow for the segregation of time between food service and maintenance.

Barbara Fought, 4-29-15

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Finding 2014-005 ELIGIBILITY

The School Corporation does not have a system in place during the audit period which consistently yields correct claims for lunches served to only children eligible for free, reduced price, and paid lunches. For school years 2012-2013 and 2013-2014, the School Corporation had a total of 1,187 free and reduce price applications on file. A haphazard sample of 60 applications were chosen to test whether the School Corporation properly determined free and reduced price eligibility. The School Corporation incorrectly determined eligibility on 2 free and reduced price applications.

Corrective Action Anticipated Completion Date: July 1, 2015

School Lunch Clerk (2) will review, verify, and sign off on free and reduced price applications processed by School Lunch Clerk (1) to ensure the accuracy of eligibility.

Barbara Fought, 4-29-15

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Finding 2014-006 PROCUREMENT AND SUSPENSION AND DEBARMENT

- 1 The School Corporation solicits and awards bids for milk during the audit period. Management did not establish controls to milk vendors were not suspended or debarred prior to the bid award.
- 2 The Indiana Department of Education found that the School Corporation has not been employing competitive buying practices where competitive sources are available for milk and bread.

Corrective Action Anticipated Completion Date: July 1, 2015

- 1 Management will ensure and sign off that milk vendors are not suspended or debarred prior to the bid award.
- 2 The School Corporation has utilized the bid process for milk and other food purchases. The exception is bread since there is only one vendor in the area. Effective with the 2014/2015, the School Corporation will follow the bid process for bread.

Barbara Fought, 4-29-15

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4-29-15

Finding 2014-007 PROGRAM INCOME AND SPECIAL TESTS AND PROVISIONS - SCHOOL FOOD ACCOUNTS

- 1 No evidence could be obtained to prove that the Food Service Clerk (2) compared the program income collected to the total program income reported on the School Corporation's food service program.
- 2 The School Corporation did not maintain daily food service collection reports. As a result, the assessing, collecting and recording of program income could not be verified.
- 3 The School Corporation also receives and posts student prepaid money into their school lunch fund. There are no internal controls for reconciling the prepaid meal control account to the subsidiary student meal account records. The School Corporation did not maintain subsidiary student meal account records generated from their food service accounting program during the audit period. As a result, the ending balance of the prepaid meal control account at June 30, 2014 in the amount of \$59,024.09 could not be verified.


Corrective Action Anticipated Completion Date: July 1, 2015

- 1 School Lunch Clerk (2) will print and compare the totals of the income collected to the Bank Recap and Reconciliation Report School Lunch Software.
- 2 School Lunch Clerk (2) will print and compare the totals from the audit reports from School Lunch Software to the lunch and breakfast number reported for reimbursement.
- 3 School Lunch Clerk (2) will reconcile the June 15th roster with the prepaid clearing account as maintained in the School Lunch Software. The reconciliation will be reviewed by someone other than the School Lunch Clerk (2) for accuracy.

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Finding 2014-008 REPORTING – CHILD NUTRITION CLUSTER

- 1(a) The annual financial report filed for 2013 and 2014 could only be reconciled back to total income and expenses. There was no supporting documentation on how specific income and expense items were derived.
- 1(b) The annual financial report filed for fiscal year 2013 and 2014 contained student prepaid activity, which does not relate to the grant.
- 2(a) The School Corporation did not maintain the counts for the free, reduced and paid meals served from their food service accounting program for the high school, middle school, and primary school.
- 2(b) The Indiana Department of Education also found that the total meals served as reported on their June 2013 claim for reimbursement did not match the School Corporation's detail of daily summer meal counts.
- 2(c) The Indiana Department of Education found that the elementary school's counts for free, reduced, and paid meals served were incorrectly reported on their claimed reimbursement.
- 3(a) The School Corporation did not have supporting documentation to prove the final reported amount of all directly certified students on the on the verification summary report filed for fiscal year 2013.
- 3(b) The School Corporation did not have supporting documentation to prove the reported amounts for sections 1, 3, and 4 of the verification summary filed for fiscal year 2014. Theses sections require information regarding the number of schools and students of the corporation, number of students directly certified, and number of students and applications approved for free or reduced price meals.

Corrective Actions Anticipated Completion Date: July 1, 2015

- 1(a) Work papers showing the calculations of the income and expense will be placed with the copy of the annual financial report.
- 1(b) The student prepaid account and any other non-related information will not be included in the annual financial report.
- 2(a) Meal counts for West Noble High School, West Noble Middle School, and West Noble Primary are being recorded and retained.
- 2(c) The meal reimbursement claim will be reviewed prior to filing for accuracy by the Treasurer.
- 3(a) Work papers or other supporting documentation used in reporting the direct certified students will be retained with copy of the verification summary.
- 3(b) Work papers or other supporting documentation used in reporting the direct certified students will be retained with copy of the verification summary.

A secondary review by someone other than the preparer will also be performed for the annual financial report, reimbursement claims, and verification summary report.

Patricia Knight, 4-29-15

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Finding 2014-009 SPECIAL TESTS AND PROVISIONS – PAID LUNCH EQUITY

- 1 The School Corporation calculated, but did not retain, the calculation for paid lunch equity for school year 2013-2014. As a result, the compliance requirement for paid lunch equity could not be verified.
- 2 The calculations for school year 2012-2013 could not be verified because the School Corporation did not maintain the October 2011 meal counts. As a result, the compliance requirement for paid lunch equity could not be verified.

Corrective Action Anticipated Completion Date: July 1, 2015

The School Lunch Paid Equity tool provided by the Indiana Department of Education, School Lunch Division, will be printed and retained along with the supporting documentation. The calculation will be reviewed by someone other than the preparer for accuracy.

 4-29-15

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Finding 2014-010 INTERNAL CONTROLS OVER CASH MANAGEMENT

West Noble School Corporation submits claims for reimbursement for Title I expenditures monthly to the Indiana Department of Education. The claims for reimbursement are not reviewed or approved by someone other than the preparer.

Corrective Action Anticipated Completion Date: July 1, 2015
The Grant Administrator and Corporation Treasurer will review, approve and sign the claim for reimbursement.

Barbara Fought, 4-29-15

West Noble School Corporation

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Finding 2014-011 REPORTING – TITLE I, PART A CLUSTER

West Noble School Corporation submits claims for reimbursement for Title I expenditures monthly to the Indiana Department of Education. The claims for reimbursement were not reviewed or approved by someone other than the preparer.

West Noble School Corporation submits a Final Expenditure Report at the end of each grant to the Indiana Department of Education. The Final Expenditure Reports for grant years 2011-2012 and 2012-2013 were not reviewed or approved by someone other than the preparer.

Corrective Action Anticipated Completion Date: July 1, 2015
The Grant Administrator and Corporation Treasurer will review, approve and sign the claim for reimbursement and Final Expenditure Report.

Barbara Fought, 4-29-15

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/>.