

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WESTVIEW SCHOOL CORPORATION  
LAGRANGE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
07/01/2016



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brian Christner	07-01-12 to 12-31-16
Superintendent of Schools	Dr. Randall Zimmerly	07-01-12 to 06-30-16
President of the School Board	Gerald Lee	01-01-12 to 12-31-16



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE WESTVIEW SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Westview 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 as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

March 23, 2016



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

TO: THE OFFICIALS OF THE WESTVIEW SCHOOL CORPORATION, LAGRANGE 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 Westview School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 23, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**


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

**Westview School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

March 23, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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WESTVIEW 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

Fund	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 3,759,748	\$ 15,104,135	\$ 14,341,188	\$ -	\$ 4,522,695	\$ 14,377,653	\$ 14,528,768	\$ -	\$ 4,371,580
Debt Service	2,022,835	3,079,247	3,081,720	-	2,020,362	3,181,386	3,200,720	(64,681)	1,936,347
Retirement/Severance Bond Debt Service	178,617	271,975	284,929	-	165,663	197,929	282,861	-	80,731
Capital Projects	2,773,387	2,616,709	3,048,310	-	2,341,786	2,604,387	2,328,021	1,932	2,620,084
School Transportation	697,768	1,441,902	1,428,399	-	711,271	1,462,591	1,632,898	65,146	606,110
School Bus Replacement	42,937	255,982	-	-	298,919	390,922	618,701	-	71,140
Rainy Day	577,000	173,000	-	-	750,000	150,000	-	-	900,000
Retirement/Severance Bond	1,120,795	8,263	313,509	-	815,549	4,418	155,408	-	664,559
Post-Retirement/Severance Future Benefits	317,804	-	23,475	-	294,329	-	22,125	-	272,204
Construction	256,425	67,099	67,095	-	256,429	3	-	-	256,432
School Lunch	772,493	1,080,376	959,653	-	893,216	1,047,152	1,062,178	-	878,190
Textbook Rental	137,780	226,945	137,195	-	227,530	213,239	305,208	64,681	200,242
Self-Insurance	1,841,126	2,556,453	2,563,382	-	1,834,197	2,734,556	2,657,647	-	1,911,106
Levy Excess	-	-	-	65,146	65,146	-	-	(65,146)	-
Educational License Plates	3,337	244	120	-	3,461	206	-	-	3,667
Dekko Arts/Berger & Younts	6	-	-	-	6	-	6	-	-
Dekko Arts/Partnership	-	2,725	-	-	2,725	-	2,589	-	136
Dekko Arts/Partnership/TES/WES	-	-	-	-	-	3,800	-	-	3,800
Life Grant/Family & Community Engage Event	-	-	-	-	-	2,107	2,107	-	-
Adult Education	9,644	-	-	-	9,644	-	-	-	9,644
Scholarships and Awards	-	700	700	-	-	-	-	-	-
Lions Grant	844	-	-	-	844	-	321	-	523
High Ability 2011-2012	828	-	828	-	-	-	-	-	-
High Ability 2012-2013	-	34,403	28,777	-	5,626	-	5,626	-	-
High Ability 2013-2014	-	-	-	-	-	34,402	28,574	-	5,828
Drug Free Communities	1,000	900	1,000	-	900	-	900	-	-
Health and Education Program	-	-	-	-	-	1,000	568	-	432
NESP 2011-2012	(5,668)	5,668	-	-	-	-	-	-	-
NESP 2012-2013	-	68,593	41,736	-	26,857	-	26,857	-	-
NESP 2013-2014	-	-	-	-	-	59,864	45,558	-	14,306
School Technology	70,948	20,494	-	-	91,442	37,199	43,629	-	85,012
Excellence - Performance Based Awards	-	-	-	-	-	304,000	304,000	-	-
Title I 2011-2012	(15,504)	123,981	108,477	-	-	-	-	-	-
Title I 2012-2013	-	1,267,538	1,361,598	-	(94,060)	244,852	150,792	-	-
Title I 2013-2014	-	-	-	-	-	1,094,423	1,231,416	-	(136,993)
Title IIA 2010-2011	(33,868)	33,868	-	-	-	-	-	-	-
Title IIA 2011-2012	(17,320)	132,118	121,974	-	(7,176)	28,539	21,363	-	-
Title IIA 2012-2013	-	-	21,285	-	(21,285)	196,272	180,578	-	(5,591)
Title IIA 2013-2014	-	-	-	-	-	-	15,056	-	(15,056)
Rural / Low Income School Grant	-	-	-	-	-	34,247	38,761	-	(4,514)
Title III 2011-2012	6,429	3,088	10,906	-	(1,389)	1,435	46	-	-
Title III 2012-2013	-	75,055	78,959	-	(3,904)	27,619	23,715	-	-
Title III 2013-2014	-	-	-	-	-	79,349	91,540	-	(12,191)
Qualified School Construction Bond	205,884	-	205,884	-	-	-	-	-	-
Education Jobs	-	8,807	8,807	-	-	-	-	-	-
Student Cafeteria Money on Account	18,130	64,038	64,274	-	17,894	62,818	61,568	-	19,144
Payroll Withholdings	280,076	3,920,476	4,018,032	(65,146)	117,374	4,015,085	3,981,752	-	150,707
<b>Totals</b>	<b>\$ 15,023,481</b>	<b>\$ 32,644,782</b>	<b>\$ 32,322,212</b>	<b>\$ -</b>	<b>\$ 15,346,051</b>	<b>\$ 32,591,453</b>	<b>\$ 33,051,857</b>	<b>\$ 1,932</b>	<b>\$ 14,887,579</b>

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

WESTVIEW SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

WESTVIEW 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.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

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.

WESTVIEW SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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

WESTVIEW SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

WESTVIEW 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 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursements. The reimbursement for expenditures out of these funds by the School Corporation were not received by June 30, 2013, and June 30, 2014.

**Note 9. Holding Corporation**

The School Corporation has entered into a capital lease with Westview Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$3,054,000 and \$3,173,000, respectively.

WESTVIEW SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 10. Subsequent Events**

On December 11, 2014, the School Corporation awarded \$1,492,750 to Fetters Construction for construction of a fitness facility.

**Note 11. Other Postemployment Benefits**

Classified employees who have completed ten years of service at the School Corporation are eligible for postemployment benefits. The postemployment benefit is a payment of \$100 per year of service and \$50 per unused sick day. Part-time employees receive \$50 per year of service and \$25 per unused sick day. Retiring classified employees 55 years of age and having 15 years of experience may continue to participate in the School Corporation's health insurance program, until Medicare eligible, if they pay the full premium.

Certified teachers are eligible for the severance plan and early retirement benefits outlined in the collective bargaining agreement. In addition, the retiring certified teacher may elect to remain on the Corporation Health Insurance plan until Medicare eligible. The teacher receives an annual \$2,500 credit against the insurance premium.

These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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#### OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,759,748	\$ 2,022,835	\$ 178,617	\$ 2,773,387	\$ 697,768	\$ 42,937	\$ 577,000	\$ 1,120,795
Receipts:								
Local sources	347,030	3,079,247	271,975	2,616,702	1,441,187	255,982	173,000	8,263
Intermediate sources	7,060	-	-	-	-	-	-	-
State sources	14,746,703	-	-	-	-	-	-	-
Federal sources	-	-	-	-	291	-	-	-
Other	3,342	-	-	7	424	-	-	-
Total receipts	<u>15,104,135</u>	<u>3,079,247</u>	<u>271,975</u>	<u>2,616,709</u>	<u>1,441,902</u>	<u>255,982</u>	<u>173,000</u>	<u>8,263</u>
Disbursements:								
Current:								
Instruction	10,065,224	-	-	-	-	-	-	92,585
Support services	4,055,945	-	-	1,089,824	1,428,399	-	-	220,924
Noninstructional services	220,019	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,958,486	-	-	-	-
Debt services	-	3,081,720	284,929	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>14,341,188</u>	<u>3,081,720</u>	<u>284,929</u>	<u>3,048,310</u>	<u>1,428,399</u>	<u>-</u>	<u>-</u>	<u>313,509</u>
Excess (deficiency) of receipts over disbursements	<u>762,947</u>	<u>(2,473)</u>	<u>(12,954)</u>	<u>(431,601)</u>	<u>13,503</u>	<u>255,982</u>	<u>173,000</u>	<u>(305,246)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>762,947</u>	<u>(2,473)</u>	<u>(12,954)</u>	<u>(431,601)</u>	<u>13,503</u>	<u>255,982</u>	<u>173,000</u>	<u>(305,246)</u>
Cash and investments - ending	<u>\$ 4,522,695</u>	<u>\$ 2,020,362</u>	<u>\$ 165,663</u>	<u>\$ 2,341,786</u>	<u>\$ 711,271</u>	<u>\$ 298,919</u>	<u>\$ 750,000</u>	<u>\$ 815,549</u>

WESTVIEW 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)

	Post- Retirement/ Severance Future Benefits	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Dekko Arts/ Berger & Younts
Cash and investments - beginning	\$ 317,804	\$ 256,425	\$ 772,493	\$ 137,780	\$ 1,841,126	\$ -	\$ 3,337	\$ 6
Receipts:								
Local sources	-	4	497,421	153,334	2,556,453	-	-	-
Intermediate sources	-	-	-	-	-	-	244	-
State sources	-	-	15,330	73,418	-	-	-	-
Federal sources	-	-	567,432	-	-	-	-	-
Other	-	67,095	193	193	-	-	-	-
Total receipts	-	67,099	1,080,376	226,945	2,556,453	-	244	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	23,475	-	277	137,195	21,199	-	120	-
Noninstructional services	-	-	959,376	-	-	-	-	-
Facilities acquisition and construction	-	67,095	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,542,183	-	-	-
Total disbursements	23,475	67,095	959,653	137,195	2,563,382	-	120	-
Excess (deficiency) of receipts over disbursements	(23,475)	4	120,723	89,750	(6,929)	-	124	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	65,146	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	65,146	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,475)	4	120,723	89,750	(6,929)	65,146	124	-
Cash and investments - ending	\$ 294,329	\$ 256,429	\$ 893,216	\$ 227,530	\$ 1,834,197	\$ 65,146	\$ 3,461	\$ 6

WESTVIEW 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)

	Dekko Arts/ Partnership	Dekko Arts/ Partnership/ TES/WES	Life Grant/ Family & Community Engage Event	Adult Education	Scholarships and Awards	Lions Grant	High Ability 2011-2012	High Ability 2012-2013
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 9,644	\$ -	\$ 844	\$ 828	\$ -
Receipts:								
Local sources	2,725	-	-	-	700	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	34,403
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>2,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700</u>	<u>-</u>	<u>-</u>	<u>34,403</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	700	-	(48)	28,777
Support services	-	-	-	-	-	-	876	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700</u>	<u>-</u>	<u>828</u>	<u>28,777</u>
Excess (deficiency) of receipts over disbursements	<u>2,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(828)</u>	<u>5,626</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(828)</u>	<u>5,626</u>
Cash and investments - ending	<u>\$ 2,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,644</u>	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 5,626</u>

WESTVIEW 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)

	High Ability 2013-2014	Drug Free Communities	Health and Education Program	NESP 2011-2012	NESP 2012-2013	NESP 2013-2014	School Technology	Excellence - Performance Based Awards
Cash and investments - beginning	\$ -	\$ 1,000	\$ -	\$ (5,668)	\$ -	\$ -	\$ 70,948	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	16,003	-
Intermediate sources	-	900	-	-	-	-	-	-
State sources	-	-	-	-	68,593	-	4,491	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	5,668	-	-	-	-
Total receipts	-	900	-	5,668	68,593	-	20,494	-
Disbursements:								
Current:								
Instruction	-	-	-	-	38,514	-	-	-
Support services	-	1,000	-	-	3,222	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,000	-	-	41,736	-	-	-
Excess (deficiency) of receipts over disbursements	-	(100)	-	5,668	26,857	-	20,494	-
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	-	(100)	-	5,668	26,857	-	20,494	-
Cash and investments - ending	\$ -	\$ 900	\$ -	\$ -	\$ 26,857	\$ -	\$ 91,442	\$ -

WESTVIEW 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 2011-2012	Title I 2012-2013	Title I 2013-2014	Title IIA 2010-2011	Title IIA 2011-2012	Title IIA 2012-2013	Title IIA 2013-2014	Rural / Low Income School Grant
Cash and investments - beginning	\$ (15,504)	\$ -	\$ -	\$ (33,868)	\$ (17,320)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	123,981	1,267,538	-	-	132,118	-	-	-
Other	-	-	-	33,868	-	-	-	-
Total receipts	<u>123,981</u>	<u>1,267,538</u>	<u>-</u>	<u>33,868</u>	<u>132,118</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	100,046	1,346,457	-	-	3,598	-	-	-
Support services	8,431	8,150	-	-	118,376	21,285	-	-
Noninstructional services	-	6,991	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>108,477</u>	<u>1,361,598</u>	<u>-</u>	<u>-</u>	<u>121,974</u>	<u>21,285</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>15,504</u>	<u>(94,060)</u>	<u>-</u>	<u>33,868</u>	<u>10,144</u>	<u>(21,285)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>15,504</u>	<u>(94,060)</u>	<u>-</u>	<u>33,868</u>	<u>10,144</u>	<u>(21,285)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (94,060)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,176)</u>	<u>\$ (21,285)</u>	<u>\$ -</u>	<u>\$ -</u>

WESTVIEW 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 III 2011-2012	Title III 2012-2013	Title III 2013-2014	Qualified School Construction Bond	Education Jobs	Student Cafeteria Money on Account	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 6,429	\$ -	\$ -	\$ 205,884	\$ -	\$ 18,130	\$ 280,076	\$ 15,023,481
Receipts:								
Local sources	-	-	-	-	-	64,038	-	11,484,064
Intermediate sources	-	-	-	-	-	-	-	8,204
State sources	-	-	-	-	-	-	-	14,942,938
Federal sources	3,088	75,055	-	-	8,807	-	-	2,178,310
Other	-	-	-	-	-	-	3,920,476	4,031,266
Total receipts	<u>3,088</u>	<u>75,055</u>	<u>-</u>	<u>-</u>	<u>8,807</u>	<u>64,038</u>	<u>3,920,476</u>	<u>32,644,782</u>
Disbursements:								
Current:								
Instruction	8,757	78,959	-	-	8,807	-	-	11,772,376
Support services	2,149	-	-	-	-	-	-	7,140,847
Noninstructional services	-	-	-	-	-	-	-	1,186,386
Facilities acquisition and construction	-	-	-	205,884	-	-	-	2,231,465
Debt services	-	-	-	-	-	-	-	3,366,649
Nonprogrammed charges	-	-	-	-	-	64,274	4,018,032	6,624,489
Total disbursements	<u>10,906</u>	<u>78,959</u>	<u>-</u>	<u>205,884</u>	<u>8,807</u>	<u>64,274</u>	<u>4,018,032</u>	<u>32,322,212</u>
Excess (deficiency) of receipts over disbursements	<u>(7,818)</u>	<u>(3,904)</u>	<u>-</u>	<u>(205,884)</u>	<u>-</u>	<u>(236)</u>	<u>(97,556)</u>	<u>322,570</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	65,146
Transfers out	-	-	-	-	-	-	(65,146)	(65,146)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,146)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,818)</u>	<u>(3,904)</u>	<u>-</u>	<u>(205,884)</u>	<u>-</u>	<u>(236)</u>	<u>(162,702)</u>	<u>322,570</u>
Cash and investments - ending	<u>\$ (1,389)</u>	<u>\$ (3,904)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,894</u>	<u>\$ 117,374</u>	<u>\$ 15,346,051</u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 4,522,695	\$ 2,020,362	\$ 165,663	\$ 2,341,786	\$ 711,271	\$ 298,919	\$ 750,000	\$ 815,549
Receipts:								
Local sources	327,128	3,181,386	197,929	2,594,495	1,460,129	390,922	150,000	4,418
Intermediate sources	7,871	-	-	-	-	-	-	-
State sources	14,039,714	-	-	-	-	-	-	-
Federal sources	-	-	-	-	44	-	-	-
Other	2,940	-	-	9,892	2,418	-	-	-
Total receipts	<u>14,377,653</u>	<u>3,181,386</u>	<u>197,929</u>	<u>2,604,387</u>	<u>1,462,591</u>	<u>390,922</u>	<u>150,000</u>	<u>4,418</u>
Disbursements:								
Current:								
Instruction	10,159,327	-	-	-	-	-	-	81,580
Support services	4,150,005	-	-	1,155,038	1,632,898	618,701	-	73,828
Noninstructional services	219,436	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,172,983	-	-	-	-
Debt services	-	3,200,720	282,861	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>14,528,768</u>	<u>3,200,720</u>	<u>282,861</u>	<u>2,328,021</u>	<u>1,632,898</u>	<u>618,701</u>	<u>-</u>	<u>155,408</u>
Excess (deficiency) of receipts over disbursements	<u>(151,115)</u>	<u>(19,334)</u>	<u>(84,932)</u>	<u>276,366</u>	<u>(170,307)</u>	<u>(227,779)</u>	<u>150,000</u>	<u>(150,990)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	1,932	-	-	-	-
Transfers in	-	-	-	-	65,146	-	-	-
Transfers out	-	(64,681)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(64,681)</u>	<u>-</u>	<u>1,932</u>	<u>65,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(151,115)</u>	<u>(84,015)</u>	<u>(84,932)</u>	<u>278,298</u>	<u>(105,161)</u>	<u>(227,779)</u>	<u>150,000</u>	<u>(150,990)</u>
Cash and investments - ending	<u>\$ 4,371,580</u>	<u>\$ 1,936,347</u>	<u>\$ 80,731</u>	<u>\$ 2,620,084</u>	<u>\$ 606,110</u>	<u>\$ 71,140</u>	<u>\$ 900,000</u>	<u>\$ 664,559</u>

WESTVIEW 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)

	Post- Retirement/ Severance Future Benefits	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Dekko Arts/ Berger & Younts
Cash and investments - beginning	\$ 294,329	\$ 256,429	\$ 893,216	\$ 227,530	\$ 1,834,197	\$ 65,146	\$ 3,461	\$ 6
Receipts:								
Local sources	-	3	518,409	148,946	2,734,556	-	-	-
Intermediate sources	-	-	-	-	-	-	206	-
State sources	-	-	17,192	63,161	-	-	-	-
Federal sources	-	-	511,438	-	-	-	-	-
Other	-	-	113	1,132	-	-	-	-
Total receipts	-	3	1,047,152	213,239	2,734,556	-	206	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	6
Support services	22,125	-	1,385	305,208	30,800	-	-	-
Noninstructional services	-	-	1,060,793	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,626,847	-	-	-
Total disbursements	22,125	-	1,062,178	305,208	2,657,647	-	-	6
Excess (deficiency) of receipts over disbursements	(22,125)	3	(15,026)	(91,969)	76,909	-	206	(6)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	64,681	-	-	-	-
Transfers out	-	-	-	-	-	(65,146)	-	-
Total other financing sources (uses)	-	-	-	64,681	-	(65,146)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,125)	3	(15,026)	(27,288)	76,909	(65,146)	206	(6)
Cash and investments - ending	\$ 272,204	\$ 256,432	\$ 878,190	\$ 200,242	\$ 1,911,106	\$ -	\$ 3,667	\$ -

WESTVIEW 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)

	Dekko Arts/ Partnership	Dekko Arts/ Partnership/ TES/WES	Life Grant/ Family & Community Engage Event	Adult Education	Scholarships and Awards	Lions Grant	High Ability 2011-2012	High Ability 2012-2013
Cash and investments - beginning	\$ 2,725	\$ -	\$ -	\$ 9,644	\$ -	\$ 844	\$ -	\$ 5,626
Receipts:								
Local sources	-	3,800	2,107	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>3,800</u>	<u>2,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	2,589	-	2,107	-	-	-	-	5,626
Support services	-	-	-	-	-	321	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>2,589</u>	<u>-</u>	<u>2,107</u>	<u>-</u>	<u>-</u>	<u>321</u>	<u>-</u>	<u>5,626</u>
Excess (deficiency) of receipts over disbursements	<u>(2,589)</u>	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(321)</u>	<u>-</u>	<u>(5,626)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,589)</u>	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(321)</u>	<u>-</u>	<u>(5,626)</u>
Cash and investments - ending	<u>\$ 136</u>	<u>\$ 3,800</u>	<u>\$ -</u>	<u>\$ 9,644</u>	<u>\$ -</u>	<u>\$ 523</u>	<u>\$ -</u>	<u>\$ -</u>

WESTVIEW 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)

	High Ability 2013-2014	Drug Free Communities	Health and Education Program	NESP 2011-2012	NESP 2012-2013	NESP 2013-2014	School Technology	Excellence - Performance Based Awards
Cash and investments - beginning	\$ -	\$ 900	\$ -	\$ -	\$ 26,857	\$ -	\$ 91,442	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	33,094	-
Intermediate sources	-	-	1,000	-	-	-	-	-
State sources	34,402	-	-	-	-	59,864	4,105	304,000
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	34,402	-	1,000	-	-	59,864	37,199	304,000
Disbursements:								
Current:								
Instruction	28,574	-	568	-	19,760	45,558	-	304,000
Support services	-	900	-	-	7,097	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	43,629	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	28,574	900	568	-	26,857	45,558	43,629	304,000
Excess (deficiency) of receipts over disbursements	5,828	(900)	432	-	(26,857)	14,306	(6,430)	-
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	5,828	(900)	432	-	(26,857)	14,306	(6,430)	-
Cash and investments - ending	\$ 5,828	\$ -	\$ 432	\$ -	\$ -	\$ 14,306	\$ 85,012	\$ -

WESTVIEW 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 2011-2012	Title I 2012-2013	Title I 2013-2014	Title IIA 2010-2011	Title IIA 2011-2012	Title IIA 2012-2013	Title IIA 2013-2014	Rural / Low Income School Grant
Cash and investments - beginning	\$ -	\$ (94,060)	\$ -	\$ -	\$ (7,176)	\$ (21,285)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	244,852	1,094,423	-	28,539	196,272	-	34,247
Other	-	-	-	-	-	-	-	-
Total receipts	-	244,852	1,094,423	-	28,539	196,272	-	34,247
Disbursements:								
Current:								
Instruction	-	132,920	1,222,799	-	6,111	242	-	38,761
Support services	-	17,738	2,050	-	15,252	180,336	15,056	-
Noninstructional services	-	134	6,567	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	150,792	1,231,416	-	21,363	180,578	15,056	38,761
Excess (deficiency) of receipts over disbursements	-	94,060	(136,993)	-	7,176	15,694	(15,056)	(4,514)
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	-	94,060	(136,993)	-	7,176	15,694	(15,056)	(4,514)
Cash and investments - ending	\$ -	\$ -	\$ (136,993)	\$ -	\$ -	\$ (5,591)	\$ (15,056)	\$ (4,514)

WESTVIEW 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 III 2011-2012	Title III 2012-2013	Title III 2013-2014	Qualified School Construction Bond	Education Jobs	Student Cafeteria Money on Account	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (1,389)	\$ (3,904)	\$ -	\$ -	\$ -	\$ 17,894	\$ 117,374	\$ 15,346,051
Receipts:								
Local sources	-	-	-	-	-	62,818		11,810,140
Intermediate sources	-	-	-	-	-	-		9,077
State sources	-	-	-	-	-	-		14,522,438
Federal sources	1,435	27,619	79,349	-	-	-		2,218,218
Other	-	-	-	-	-	-	4,015,085	4,031,580
Total receipts	<u>1,435</u>	<u>27,619</u>	<u>79,349</u>	<u>-</u>	<u>-</u>	<u>62,818</u>	<u>4,015,085</u>	<u>32,591,453</u>
Disbursements:								
Current:								
Instruction	-	11,699	87,817	-	-	-	-	12,150,044
Support services	46	12,016	3,723	-	-	-	-	8,244,523
Noninstructional services	-	-	-	-	-	-	-	1,286,930
Facilities acquisition and construction	-	-	-	-	-	-	-	1,216,612
Debt services	-	-	-	-	-	-	-	3,483,581
Nonprogrammed charges	-	-	-	-	-	61,568	3,981,752	6,670,167
Total disbursements	<u>46</u>	<u>23,715</u>	<u>91,540</u>	<u>-</u>	<u>-</u>	<u>61,568</u>	<u>3,981,752</u>	<u>33,051,857</u>
Excess (deficiency) of receipts over disbursements	<u>1,389</u>	<u>3,904</u>	<u>(12,191)</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>33,333</u>	<u>(460,404)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,932
Transfers in	-	-	-	-	-	-	-	129,827
Transfers out	-	-	-	-	-	-	-	(129,827)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,932</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,389</u>	<u>3,904</u>	<u>(12,191)</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>33,333</u>	<u>(458,472)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,191)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,144</u>	<u>\$ 150,707</u>	<u>\$ 14,887,579</u>

WESTVIEW SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Westview Elementary School Building Corporation	Meadowview Elementary and High School addition	<u>\$ 3,295,000</u>	1/1/2008	12/31/2018
Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities:				
Bonds payable:				
General obligation bonds	2009 Qualified School Construction Bond	\$ 1,575,000	\$ 27,720	
General obligation bonds	Pension Liability	<u>2,430,000</u>	<u>285,306</u>	
Total governmental activities		<u>\$ 4,005,000</u>	<u>\$ 313,026</u>	

WESTVIEW 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 361,634
Buildings	34,828,219
Improvements other than buildings	192,888
Machinery, equipment, and vehicles	<u>5,872,385</u>
Total capital assets	<u>\$ 41,255,126</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE WESTVIEW SCHOOL CORPORATION, LAGRANGE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Westview 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 Qualified Opinion on Child Nutrition Cluster***

As described in item 2014-004 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Special Tests and Provisions - Paid Lunch Equity. Consequently, we were unable to determine whether the School Corporation complied with the requirements applicable to the program.

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

***Basis for Qualified Opinion on Title I, Part A Cluster***

As described in item 2014-007 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Title I, Part A Cluster regarding Earmarking. Consequently, we were unable to determine whether the School Corporation complied with the requirements applicable to the program.

As described in items 2014-006 and 2014-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles and Reporting that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to the program.

***Basis for Qualified Opinion Improving Teacher Quality***

As described in item 2014-009 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to the Improving Teacher Quality State Grants program. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to the program.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Child Nutrition Cluster regarding Special Tests and Provisions - Paid Lunch Equity, as described in the *Basis for Qualified Opinion* paragraph, the School Corporation complied, in all material respects, with the 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.

***Qualified Opinion on Title I, Part A Cluster***

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Title I, Part A Cluster regarding Earmarking, and except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Title I, Part A Cluster for the period of July 1, 2012 to June 30, 2014.

***Qualified Opinion on Improving Teacher Quality***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Improving Teacher Quality 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.

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

**Other Matters**

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

**Report on Internal Control Over Compliance**

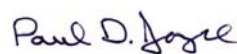
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, and 2014-009 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

March 23, 2016

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WESTVIEW SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553	FY 12-13 FY 13-14	\$ 64,660 -	\$ - 47,059
Total - School Breakfast Program				<u>64,660</u>	<u>47,059</u>
National School Lunch Program		10.555	FY 12-13 FY 13-14	594,958 -	- 559,981
Total - National School Lunch Program				<u>594,958</u>	<u>559,981</u>
Total - Child Nutrition Cluster				<u>659,618</u>	<u>607,040</u>
Total - Department of Agriculture				<u>659,618</u>	<u>607,040</u>
<u>Department of Education</u>					
Title I, Part A Cluster Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	12-4525 13-4525 14-4525	123,980 1,267,539 -	- 244,852 1,094,423
Total - Title I, Part A Cluster				<u>1,391,519</u>	<u>1,339,275</u>
Special Education Cluster (IDEA) Special Education - Grants to States	Indiana Department of Education	84.027	14212-046-PN01 14213-046-PN01 14214-046-PN01 99914-046-TA01	169,274 304,143 - -	- 180,320 335,287 5,051
Total - Special Education - Grants to States				<u>473,417</u>	<u>520,658</u>

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

WESTVIEW 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>Department of Education (continued)</u>					
Special Education Cluster (IDEA) (continued)					
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45713-046-PN01	10,299	-
			45714-046-PN01	-	9,480
Total - Special Education - Preschool Grants				<u>10,299</u>	<u>9,480</u>
Total - Special Education Cluster (IDEA)				<u>483,716</u>	<u>530,138</u>
Rural Education	Indiana Department of Education	84.358			
			FY 14	-	34,247
Total - Rural Education				-	<u>34,247</u>
English Language Acquisition State Grants	Indiana Department of Education	84.365			
			01112-038-PN01	78,142	1,435
			01112-042-PN01	-	27,618
			0114-094-PN01	-	79,349
Total - English Language Acquisition State Grants				<u>78,142</u>	<u>108,402</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			11-4525	132,118	28,539
			12-4525	-	196,272
Total - Improving Teacher Quality State Grants				<u>132,118</u>	<u>224,811</u>
Education Jobs Fund	Indiana Department of Education	84.410			
			FY 12	<u>8,807</u>	-
Total - Department of Education				<u>2,094,302</u>	<u>2,236,873</u>
Total federal awards expended				<u>\$ 2,753,920</u>	<u>\$ 2,843,913</u>

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

WESTVIEW SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) 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 SEFA.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 92,186	\$ 95,602

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for Special Education Cluster; Qualified for Child Nutrition Cluster, Title I, Part A Cluster, and Improving Teacher Quality State Grants
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:

CFDA Number	Name of Federal Program or Cluster
84.367	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster (IDEA) Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee?	no
----------------------------------------	----

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section II - Financial Statement Findings**

**FINDING 2014-001 - INTERNAL CONTROL 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. There is no segregation of duties, including no oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. We believe these deficiencies constitute material weaknesses:

1. The Deputy Treasurer posts receipts, prepares the bank deposit slip, and takes the deposit to the bank.
2. For school lunch, the cafeteria clerk at each school reconciles collections to the food service program prior to preparing the bank deposit slip. The School Courier takes the deposit to the Deputy Treasurer in a locked bag, which the Deputy Treasurer cannot access. The Deputy Treasurer takes the locked bag to the bank for deposit. Prior to the deposit, there is no verification by another individual that the collections reconcile to the food service program receipts.

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 approval 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.

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)

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2014-002 - INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER**

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 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, such as an oversight or approval process, related to following compliance requirements that have a direct and material effect to the programs: Eligibility and Program Income.

*Eligibility*

A parent must file an application for their child to qualify for free or reduced priced meals unless the child qualifies through direct certification. For applications filed, one individual determines whether a child qualifies for free or reduced priced meals. There was no control in place to ensure determinations for free or reduced priced meals were correct.

*Program Income*

The School Corporation receives program income from meal sales. The Cafeteria Clerk at each school reconciles program income collected to the food service program prior to preparing the bank deposit slip; however, there is no verification by another individual that program income reconciles to the food service program.

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirements listed above that have a direct and material effect on the programs.

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2014-003 - PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 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 relied on officials of another school corporation as part of a purchasing group to perform procurement activities and to verify compliance with Suspension and Debarment requirements for a Third Party Purchasing Service for food products, materials, and supplies. The School Corporation provided no oversight or approval of the process. Only one company submitted a proposal for Third-Party Purchasing Services; however, the contract with this vendor was not available for audit.

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement 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.

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY**

Federal Agency: Department of Education  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 12-13, 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 Director of Finance calculates the weighted-average price for the School Corporation; however, there is no control to ensure that the calculation was correct.

The School Corporation calculated, but did not retain, the calculation for paid lunch equity for school years 2012-2013 and 2013-2014. As a result, the compliance requirement for Paid Lunch Equity could not be verified.

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) 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: . . .

- (6) Records to document compliance with the requirements in § 210.14(e) . . . "

WESTVIEW 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 with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, to ensure compliance with the grant agreement and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

***FINDING 2014-005 - INTERNAL CONTROL OVER TITLE I, PART A CLUSTER***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Education Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-4525, 13-4525, 14-4525

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, such as an oversight or approval process, related to following compliance requirements: Special Tests and Provisions - Annual Report Card and High School Graduation Rate. 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 operated one high school during the audit period. When a student was removed from the graduation rate cohort (due to a transfer out, emigrating to another country, or death), the removal was performed at the building level. The School Corporation did not have internal controls in place to ensure that written approval was retained to confirm that a student should be removed from the cohort.

WESTVIEW 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 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. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirements noted above that have a direct and material effect on the program.

***FINDING 2014-006 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-4525, 13-4525, 14-4525

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles 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 failed to maintain the personnel activity reports to help ensure that payments were properly allocated between federal and nonfederal funds as required.

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

"(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:

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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."

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 enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that School Corporation's management establish and implement controls, including the segregation of duties, related to the grant agreement and compliance requirements for Allowable Costs/Cost Principles. Additionally, we recommend that the School Corporation comply with Allowable Costs/Cost Principles requirements.

***FINDING 2014-007 - EARMARKING***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-4525, 13-4525, 14-4525

Pass-Through Entity: Indiana Department of Education

WESTVIEW 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 the compliance requirements for Earmarking. 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.

Federal regulations require that schools reserve 1 percent of its grant allocation for parent involvement if the grant allocation is \$500,000 or above. This compliance requirement for Earmarking could not be verified because the School Corporation did not account for parent involvement separately within their ledger. Upon reviewing Title I expenditures, the School Corporation incurred costs for parental involvement family night activities that included food purchases of \$4,464 which are considered questioned costs.

The Title I Fiscal Handbook, Allowable Use of Title I Funds section, states in part:

"Food - Generally, there is a very high burden of proof to show that paying for food and beverages with Federal funds is necessary to meet the goals and objectives of a Federal grant. When a grantee is hosting a meeting for staff, the grantee should structure the agenda for the meeting so that there is time for participants to purchase their own food, beverages, and snacks. In addition, when planning a meeting, grantees may want to consider a location in which participants have easy access to food and beverages.

While determinations will be made on a case-by-case basis, and there may be some circumstances where the cost would be permissible, it is likely that those circumstances will be rare. Grantees, therefore, will have to make compelling case that the unique circumstances they have identified would justify these costs as reasonable and necessary."

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 enabled material noncompliance to go undetected. Non-compliance 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 establish and implement controls, including segregation of duties, related to the grant agreement and the compliance requirements of Earmarking. Additionally, we recommended that the School Corporation comply with Earmarking requirements.

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2014-008 - REPORTING**

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 12-4525, 13-4525, 14-4525  
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 program.

The School Corporation establishes separate line items within their accounting system for Title I funds in accordance with their approved Title I budgets. The Director of Finance prepares the reimbursement requests and final expenditure reports based on paid Title I expenditures which are reviewed by the Title I Director prior to submission to the Indiana Department of Education. The supporting documentation from the School Corporation's accounting system did not properly reflect the expenditure classifications reported on the reimbursement requests and final expenditure reports.

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 outlays 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.

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance 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 establish and implement controls, including segregation of duties, related to the grant agreement and the compliance requirements of Reporting. Additionally, we recommended that the School Corporation comply with Reporting requirements.

***FINDING 2014-009 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Education

Federal Program: Improving Teacher Quality

CFDA Number: 84.367

Federal Award Number and Year (or Other Identifying Number): 11-4525, 12-4525

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles 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 failed to maintain personnel activity logs to help ensure that payments were properly allocated between federal and nonfederal funds as required.

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

- "(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,

WESTVIEW SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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."

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 enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including the segregation of duties, related to the grant agreement and compliance requirements for Allowable Costs/Cost Principles. Additionally, we recommended that the School Corporation comply with Allowable Costs/Cost Principles requirements.

AUDITEE PREPARED DOCUMENT

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

# Westview School Corporation

DR RANDAL ZIMMERLY, Superintendent  
MICHELE GREWE, Curriculum Coordinator

BOARD OF TRUSTEES  
GERALD LEE, President  
DAVID MEHAS, Vice President  
CARRIE SCHROCK, Secretary  
KEITH LAMBRIGHT, Member  
JIM MILLER, Member

## Corrective Action Plan

Contact Person: Brian L Christner  
Title: Director of Finance  
Phone Number: 260-768-4404 ext 1003

### FINDING 2014-001 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

1. The Deputy Treasurer posts receipts, prepares bank deposit slip, and takes the deposit to the bank.
2. For school lunch, the cafeteria clerk at each school reconciles collections to the food service program prior to preparing the bank deposit slip. The lunch clerk delivers the deposit to the Deputy Treasurer in a locked bag, which the deputy Treasurer cannot access. The Deputy Treasurer takes the locked bag to the bank for deposit. Prior to the deposit, there is no verification by another individual that the collections reconcile to the food service program receipts.

**Views of Responsible Official:** In the view of the Westview Director of Finance, the above finding is correct. While having a second employee verify the deposit ticket will not eliminate all risk of theft it may mitigate some of the risk.

**Anticipated Completion Date:** April 1, 2016

1. Corporation bank deposits will be verified and signed by the Executive Secretary before the Deputy Treasurer takes the deposit to the bank.
2. The cafeteria lunch clerk will print the appropriate food service receipt report and prepare the bank deposit. Then the lunch clerk will present the food service bank deposit slip along with the appropriate report from the food service program to the office secretary at the Elementary Schools or the bookkeeper at the high school. After the review the secretary/bookkeeper will sign the deposit and the report. Then the food service clerk will lock the deposit in the bank bag and deliver the bag to the Deputy Treasurer for deposit.

  
Signature Title Date 3/23/16

# Westview School Corporation

DR RANDAL ZIMMERLY, Superintendent  
MICHELE GREWE, Curriculum Coordinator

BOARD OF TRUSTEES  
GERALD LEE, President  
DAVID MEHAS, Vice President  
CARRIE SCHROCK, Secretary  
KEITH LAMBRIGHT, Member  
JIM MILLER, Member

## Corrective Action Plan

Contact Person: Brian L Christner  
Title: Director of Finance  
Phone Number: 260-768-4404, ext 1003

**Finding 2014-002**

### **INTERNAL CONTROL OVER CHILD NUTRITION CLUSTER ELIGIBILITY**

A parent must file an application for their child to qualify for free or reduced priced meals unless the child qualifies for direct certification. For the applications filed, one individual determines whether a child qualifies for free or reduced priced meals. There was no control in place to ensure whether eligibility determination was correct.

#### **PROGRAM INCOME**

The School Corporation receives program income from meal sales. The cafeteria clerk at each school reconciles program income collected to the food service program prior to preparing the bank deposit slip; however there is no verification by another individual that program income reconciles to the food service program.

**Views of Responsible Official:** In the view of the Director of Finance this finding related to Eligibility is substantially correct. The Director of Finance did review 20% of the applications for accuracy related to the determination of eligibility for free or reduced lunch prices. The Director of Finance now does have the Meals plus program installed on his computer and in the future 100% of the application status determination will be reviewed for accuracy.

In the view of the Westview Director of Finance the Program Income finding is correct. While adding another person to check the deposit preparation will not completely remove the risk of theft it may mitigate some of the risk.

**Anticipated Completion Date:** April 1, 2016

#### **Eligibility**

The application for free or reduced priced meals is received from the parent by the Meals Plus administrator. The application is input into the Meals Plus Software by the Meals Plus administrator and this process is used to determine free or reduced price eligibility. Once eligibility status has been determined the application and the Meals Plus eligibility status is reviewed by the Director of Finance

for accuracy. When the initial eligibility status is completed by the Meals Plus administrator, he/she will initial the application. When the review of the status determination is completed the Director of Finance will also initial the application.

**INCOME**

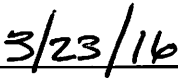
The cafeteria lunch clerk will print the appropriate food service receipt report and prepare the bank deposit. Then the lunch clerk will present the food service bank deposit slip along with the appropriate report from the food service program to the office secretary at the Elementary Schools or the bookkeeper at the high school. After the review the secretary/bookkeeper will sign the deposit and the report. Then the food service clerk will lock the deposit in the bank bag and deliver the bag to the Deputy Treasurer for deposit. The report signed by the secretary/bookkeeper will be kept on file.



Signature



Title



Date

# Westview School Corporation

DR RANDAL ZIMMERLY, Superintendent  
MICHELE GREWE, Curriculum Coordinator

BOARD OF TRUSTEES  
GERALD LEE, President  
DAVID MEHAS, Vice President  
CARRIE SCHROCK, Secretary  
KEITH LAMBRIGHT, Member  
JIM MILLER, Member

## Corrective Action Plan

Contact Person: Brian L Christner  
Title: Director of Finance  
Phone Number: 260-768-4044, ext 1003

### Finding 2014-003


#### PROCUREMENT AND SUSPENSION AND DEBARMENT

- 1 The School Corporation relied on officials of another school corporation as part of a purchasing group to perform procurement activities and to verify compliance with Suspension and Debarment requirements for a Third Party Service for food products, materials, and supplies. The School Corporation did not provide oversight or approval of the process. Only one company submitted a proposal for the Third Party Purchasing Services; however, the contract with this vendor was not available for audit.

**Views of Responsible Official:** In the view of the Westview Director of Finance this finding is correct. I do believe that we have selected a very qualified food vendor in HPS/Gorden Foods through our procurement process. In the future the Director of Finance will assure that the vendor who wins the bid is eligible per the guidelines in this finding.

**Anticipated Completion Date:** May 27, 2016

1. The School Corporation has utilized the bid process for milk and bread purchases successfully for many years through the Northern Indiana Educational Service Center (NIESC). During the audit period in question, Westview relied on a procurement process through Goshen Community School Corporation to select its vendor for food, and kitchen materials and supplies. Westview has been very happy with the pricing and services of Gordon foods. However, because that procurement process failed to generate multiple food bids Westview has joined the food procurement RFP process with NIESC at the beginning of the 2015-16 school year. On May 19<sup>th</sup> NIESC will hold a meeting to review food bids from Dean's, Prairie Farms, Pleasantview, Alpha, Aunt Millie's, IPA, McFarlin Foods, GFS, Stanz, Commercial Food Systems, and US Foods. When vendors are selected by NIESC Westview plans to use those vendors to supply its food, materials and supplies, bread and dairy for its meals. At that point, the Director of Finance, will personally verify compliance with Suspension and Debarment requirements and will maintain documentation on file.



Signature

Director of Finance

Title

3/23/16

Date

# Westview School Corporation

DR RANDAL ZIMMERLY, Superintendent  
MICHELE GREWE, Curriculum Coordinator

BOARD OF TRUSTEES  
GERALD LEE, President  
DAVID MEHAS, Vice President  
CARRIE SCHROCK, Secretary  
KEITH LAMBRIGHT, Member  
JIM MILLER, Member

## Corrective Action Plan

Contact Person: Brian L Christner  
Title: Director of Finance  
Phone Number: 260-768-4044, ext 1003

**Finding 2014-004**

## PROGRAM INCOME AND SPECIAL TESTS AND PROVISIONS PAID LUNCH EQUITY

- 1 The school calculated, but did not retain, the calculation for paid lunch equity, for school years 2012-2013 and 2013-2014. As a result, the compliance requirement for Paid Lunch Equity could not be verified.

**Views of Responsible Official:** In the view of the Westview, Director of Finance, the above finding is correct.

**Anticipated Completion Date:** July 1, 2014

1. The School Lunch Paid Equity tool provided by the Indiana Department of Education, School Lunch Division has been employed for the school years of 2014-2015 and school years 2015-2016. The results of the school lunch equity were printed and retained for the (2) years subsequent to the audit in question. This process will continue into the future. The results of the paid lunch equity tool will be reviewed with the DOE to ensure that lunch pricing is correct.

  
Brian L Christner,

Director of Finance  
Title

3/23/14  
Date

# Westview School Corporation

DR RANDAL ZIMMERLY, Superintendent  
MICHELE GREWE, Curriculum Coordinator

BOARD OF TRUSTEES  
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DAVID MEHAS, Vice President  
CARRIE SCHROCK, Secretary  
KEITH LAMBRIGHT, Member  
JIM MILLER, Member

## Corrective Action Plan

Contact Person: Brian L Christner  
Title: Director of Finance  
Phone Number: 260-768-4404, ext 1003

### Finding 2014-005


#### INTERNAL CONTROL OVER TITLE I, PART A CLUSTER

The School Corporation operated one high school during the audit period. When a student was removed from the graduation rate cohort (due to a transfer out, emigrating to another country or death), the removal was performed at the building level. The School Corporation did not have internal controls in place to ensure that written approval was retained to confirm a student should be removed from the cohort.

**Views of Responsible Official:** In the view of the Westview, Director of Finance, the above finding is correct.

**Anticipated Completion Date:** April 1, 2016

Whenever the Westview High school finds cause to remove a student from the graduation rate cohort, the building principal will provide written documentation to the Westview School Corporation Superintendent. The Superintendent will review the written documentation and where appropriate sign off on the decision.

  
\_\_\_\_\_  
Brian L Christner,  
*Director of Finance*  
\_\_\_\_\_  
Title  
*3/23/16*  
\_\_\_\_\_  
Date

# Westview School Corporation

DR RANDAL ZIMMERLY, Superintendent  
MICHELE GREWE, Curriculum Coordinator

BOARD OF TRUSTEES  
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KEITH LAMBRIGHT, Member  
JIM MILLER, Member

## Corrective Action Plan

Contact Person: Brian Christner  
Title: Director of Finance  
Phone Number: 260-768-4404, ext 1003

### Finding 2014-006


#### ALLOWABLE COSTS/COST PRINCIPALS

The School Corporation failed to maintain the necessary documentation relating to time and effort. Time and effort logs should be maintained to help ensure that payments were properly allocated between federal and non-federal funds as required.

**Views of Responsible Official:** In the view of the Westview, Director of Finance, the above finding is correct.

**Anticipated Completion Date:** April 1, 2016

Westview School Corporation will maintain time and effort logs.

  
\_\_\_\_\_  
Signature

Director of Finance  
\_\_\_\_\_  
Title

3/23/16  
\_\_\_\_\_  
Date

# Westview School Corporation

DR RANDAL ZIMMERLY, Superintendent  
MICHELE GREWE, Curriculum Coordinator

BOARD OF TRUSTEES  
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KEITH LAMBRIGHT, Member  
JIM MILLER, Member

## Corrective Action Plan

Contact Person: Brian Christner  
Title: Director of Finance  
Phone Number: 260-768-4404, ext 1003

### Finding 2014-007

#### **EARMARKING**

Federal regulations require that schools reserve 1% of its grant allocation for parent involvement if the grant allocation is \$500,000 or above. This compliance requirement for Earmarking could not be verified because the School Corporation did not account for parent involvement separately within their ledger. Upon reviewing Title I expenditures, the School Corporation incurred costs for parental involvement family night activities that included food purchases of \$4,464 which are considered questioned costs.

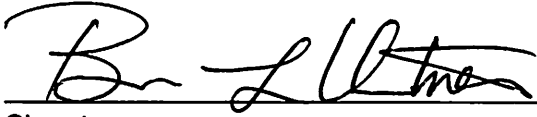
**Views of Responsible Official:** In the view of the Westview Director of Finance, the above finding is substantially correct. Better accounting records need to be maintained regarding parent involvement. However, Westview, does believe that the food spent for parent night is a justified and acceptable use of funds. The Westview Coordinator of Curriculum states that expenses incurred to cover the cost of food and beverages with federal funds must be reasonable, allowable, and necessary. At Westview School Corporation food and beverages are often deemed to be necessary for participation in evening parent involvement activities due to the large percentage of families involved who are Amish. Traveling to and from the school by horse and buggy often takes a considerable amount of time and often occurs following evening farm chores, thus not allowing time for an evening meal. Providing food greatly increases participation of families.

**Anticipated Completion Date:** April 1, 2016

Westview school corporation will maintain separate accounts in its ledger to document expenditures for parental involvement

TELEPHONE (260) 768-4404 - 1645 S 600 W - TOPEKA, IN 46571 - FAX (260) 768-4404 EMAIL: christnerb@westview.k12.in.us

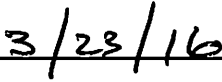
within its Title I programs. While Westview does believe that the expenditures made for food for the "parent night" activities are allowable and justified within its Title I program, Westview understands that these expenditures are being questioned by the State Board of Accounts in its Audit. In the future Westview will put these "parent night" food expenditures through the budget approval process at each beginning of the program year.



Signature



Title



Date

# Westview School Corporation

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MICHELE GREWE, Curriculum Coordinator

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## Corrective Action Plan

Contact Person: Brian Christner  
Title: Director of Finance  
Phone Number: 260-768-4404, ext 1003

### Finding 2014-008 REPORTING

The School Corporation establishes separate line items within their accounting system for Title I funds in accordance with their approved Title I budgets. The Director of Finance prepares the reimbursement requests and final expenditure reports based on paid Title I expenditures which are reviewed by the Title I Director prior to submission to the Indiana Department of Education. The supporting documentation from the School Corporation's accounting system did not properly reflect the expenditure classifications reported on the reimbursement requests and final expenditure reports.


**Views of Responsible Official:** In the view of the Westview Director of Finance, the above finding is correct

**Anticipated Completion Date:** April 1, 2016

An example where this finding occurred is when our Title I budget health insurance benefits were projected at a lower level than actually experienced. In this case actual expenditures for benefits would end up being higher than the line item in the budget allowed for. The excess benefit was charged against the salary of the employee so that the full cost of the employment could be covered by the Title I program. To correct this finding when a line item is fully expended Westview officials will seek to amend its Title I program so that the actual expenditures reflect the budget in every line item.



Signature



Title



Date

# Westview School Corporation

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## Corrective Action Plan

Contact Person: Brian Christner  
Title: Director of Finance  
Phone Number: 260-768-4404, ext 1003

Finding 2014-009

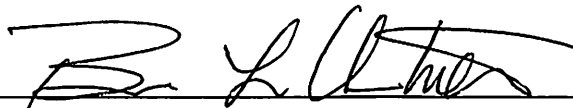
### ALLOWABLE COSTS/COST PRINCIPALS

The School Corporation failed to maintain the necessary documentation relating to time and effort within its Federal program – Improving Teacher Quality. Time and effort logs should be maintained to help ensure that payments were properly allocated between federal and non-federal funds as required

**Views of Responsible Official:** In the view of the Westview, Director of Finance, the above finding is correct.

**Anticipated Completion Date:** April 1, 2016

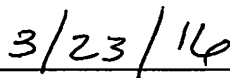
Westview School Corporation will maintain time and effort logs.



Signature



Title



Date

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.