

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WHITLEY COUNTY CONSOLIDATED SCHOOLS
WHITLEY COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
05/05/2017

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|----------------------------|--|
| Treasurer | Kirk Doerhmann (Vacant) | 07-01-14 to 02-17-17 02-18-17 to 06-30-17 |
| Superintendent of Schools | Dr. Patricia O'Connor | 07-01-14 to 06-30-17 |
| President of the School Board | Donald Armstrong | 07-01-14 to 06-30-17 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WHITLEY COUNTY CONSOLIDATED
SCHOOLS, WHITLEY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Whitley County Consolidated Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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 from 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 to 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, 2014 to June 30, 2016.

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, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables and Schedule of Leases and Debt, 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 6, 2017, 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 6, 2017



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 WHITLEY COUNTY CONSOLIDATED
SCHOOLS, WHITLEY 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 Whitley County Consolidated Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated March 6, 2017, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2016-001 to be a material weakness.

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Whitley County Consolidated Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 6, 2017

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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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

| Fund | Cash and Investments 07-01-14 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-15 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-16 |
|--|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|
| General | \$ 723,965 | \$ 21,677,562 | \$ 20,324,994 | \$ 1,816 | \$ 2,078,349 | \$ 22,190,205 | \$ 21,546,275 | \$ 848 | \$ 2,723,127 |
| Debt Service | 2,702,076 | 4,604,365 | 4,562,188 | (27,780) | 2,716,473 | 5,032,350 | 4,943,057 | (24,225) | 2,781,541 |
| Retirement/Severance Bond Debt Service | 311,167 | 593,282 | 576,379 | - | 328,070 | 588,454 | 585,712 | - | 330,812 |
| Capital Projects | 697,866 | 3,314,682 | 2,814,302 | - | 1,198,246 | 3,293,634 | 2,186,529 | 365 | 2,305,716 |
| School Transportation | 457,237 | 1,933,731 | 1,948,262 | - | 442,706 | 1,990,203 | 1,888,036 | - | 544,873 |
| School Bus Replacement | 239,330 | 283,271 | - | - | 522,601 | 110,314 | 352,098 | - | 280,817 |
| Rainy Day | 1,972,527 | - | 142,491 | - | 1,830,036 | 8,449 | 61,452 | - | 1,777,033 |
| Construction | - | - | 463,286 | 750,000 | 286,714 | - | 188,812 | - | 97,902 |
| School Lunch | 326,910 | 1,211,915 | 1,266,906 | - | 271,919 | 1,230,162 | 1,240,039 | - | 262,042 |
| Textbook Rental | 222,825 | 275,090 | 29,717 | 27,780 | 495,978 | 236,178 | 10,398 | 24,225 | 745,983 |
| Repair and Replacement | 111,956 | 53,929 | 150,496 | - | 15,389 | 102,202 | 97,251 | - | 20,340 |
| Self-Insurance | - | 2,825 | - | - | 2,825 | - | - | - | 2,825 |
| Educational License Plates | 14,269 | 187 | - | - | 14,456 | 169 | - | - | 14,625 |
| Alternative Education | 1,058 | - | - | - | 1,058 | - | - | - | 1,058 |
| Literacy Early Intervention FY 15-16 | - | - | - | - | - | 2,800 | - | - | 2,800 |
| DEKKO Kindergarten | 841 | - | - | - | 841 | - | - | - | 841 |
| Miscellaneous Grants | 13,291 | 18,658 | 19,944 | - | 12,005 | 45,490 | 6,843 | - | 50,652 |
| Miscellaneous Grants Substitutes | 75 | 1,116 | 1,080 | - | 111 | 1,248 | 1,173 | - | 186 |
| Teaching Excellence | 1,042 | - | 42 | - | 1,000 | - | - | - | 1,000 |
| Project Lead the Way | 45,335 | - | 14,189 | - | 31,146 | - | 13,091 | - | 18,055 |
| Schwab Foundation | 15,972 | - | - | - | 15,972 | - | - | - | 15,972 |
| Community Partnership New Tech Tops | 70,000 | - | 70,000 | - | - | 6,320 | 6,320 | - | - |
| Community Partnership PBL 101 Buck Ins | 23,176 | - | 2,564 | - | 20,612 | - | 408 | - | 20,204 |
| Whitley Forward Stem Grant | 2,465 | - | - | - | 2,465 | - | - | - | 2,465 |
| DEKKO Technology Project | 20,235 | - | - | - | 20,235 | - | - | - | 20,235 |
| Wal-Mart Foundation Grant | 4 | - | 4 | - | - | - | - | - | - |
| High Ability Grant FY 13-14 | 29,070 | - | 29,070 | - | - | - | - | - | - |
| High Ability Grant FY 14-15 | - | 36,843 | 11,510 | - | 25,333 | - | 25,333 | - | - |
| High Ability Grant FY 15-16 | - | - | - | - | - | 38,323 | 35,560 | - | 2,763 |

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016
(Continued)

| Fund | Cash and Investments 07-01-14 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-15 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-16 |
|--|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|----------------------|----------------------|--------------------------------------|-------------------------------------|
| Formative Assessment | - | - | - | - | - | 36,628 | 36,628 | - | - |
| Petty Cash | 300 | - | - | - | 300 | - | - | - | 300 |
| Secured Schools Safety Grant | - | 100,000 | 100,000 | - | - | 32,856 | 32,856 | - | - |
| Non-English Speaking Programs FY 14-15 | - | 1,740 | 243 | - | 1,497 | - | 1,497 | - | - |
| Non-English Speaking Programs FY 15-16 | - | - | - | - | - | 4,221 | 4,211 | - | 10 |
| School Technology | 2,225 | 8,193 | 8,228 | - | 2,190 | 8,724 | 8,670 | - | 2,244 |
| Technology Grants | - | 26,739 | 26,739 | - | - | 27,223 | 27,223 | - | - |
| Learn More In-College Success | 918 | - | - | - | 918 | - | - | - | 918 |
| Senator David Ford Technology | - | 18,242 | 18,242 | - | - | 11,759 | 21,381 | - | (9,622) |
| Title I FY 13-14 | (4,568) | 4,568 | - | - | - | - | - | - | - |
| Title I FY 14-15 | - | 267,682 | 275,528 | - | (7,846) | 32,246 | 24,400 | - | - |
| Title I FY 15-16 | - | - | - | - | - | 270,238 | 280,605 | - | (10,367) |
| IDEA Part B FY 13-14 | (32,743) | 127,395 | 104,772 | - | (10,120) | 56,352 | 46,232 | - | - |
| IDEA Part B FY 12-13 | (844) | 7,564 | 6,720 | - | - | - | - | - | - |
| IDEA Part B FY 14-15 | - | 556,574 | 572,387 | - | (15,813) | 113,192 | 98,731 | - | (1,352) |
| IDEA Part B FY 15-16 | - | - | - | - | - | 517,911 | 558,666 | - | (40,755) |
| IDEA Technical Assistance FY 13-14 | - | 12,793 | 12,793 | - | - | 33 | 33 | - | - |
| IDEA Part B Preschool FY 14-15 | - | 30,190 | 30,190 | - | - | - | - | - | - |
| IDEA Part B Preschool FY 15-16 | - | - | - | - | - | 24,278 | 25,434 | - | (1,156) |
| Other Federal Programs | 43 | - | - | - | 43 | - | - | - | 43 |
| Title II Part A FY 12-13 | (31,665) | 40,977 | 9,312 | - | - | - | - | - | - |
| Title II Part A FY 13-14 | (1,404) | 60,935 | 68,274 | - | (8,743) | 15,490 | 6,747 | - | - |
| Title II Part A FY 14-15 | - | 33,519 | 33,519 | - | - | 43,947 | 43,947 | - | - |
| Title II Part A FY 15-16 | - | - | - | - | - | 41,661 | 45,742 | - | (4,081) |
| New Technology Grants | 562 | - | 562 | - | - | - | - | - | - |
| Fringe Benefit Clearing Account | - | 10,581 | 10,581 | - | - | 10,814 | 10,814 | - | - |
| Payroll Withholding Clearing Account | 959,998 | 16,010,165 | 16,872,526 | - | 97,637 | 16,918,111 | 16,903,431 | - | 112,317 |
| Totals | \$ 8,895,514 | \$ 51,325,313 | \$ 50,578,040 | \$ 751,816 | \$ 10,394,603 | \$ 53,042,185 | \$ 51,365,635 | \$ 1,213 | \$ 12,072,366 |

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers in. Amounts received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out. Amounts 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 amounts 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 amounts 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015, or June 30, 2016.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Whitley County Multi 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 2014-2015 and 2015-2016 totaled \$4,252,862 and \$4,786,894, respectively.

Note 9. Subsequent Events

The School Corporation is in the preliminary stage of the construction of a new high school building and related facilities. The estimated cost of the project is \$85,000,000. Financing of the project is intended to be through the issuance of bonds by the Whitley County Multi School Building Corporation by December 2017. In June 2016, the Whitley County Multi School Building Corporation issued Bond Anticipation Notes of \$7,500,000. The BAN is scheduled to be repaid with the bond issue.

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Construction |
|---|---------------------|---------------------|---|---------------------|--------------------------|---------------------------|---------------------|-------------------|
| Cash and investments - beginning | \$ 723,965 | \$ 2,702,076 | \$ 311,167 | \$ 697,866 | \$ 457,237 | \$ 239,330 | \$ 1,972,527 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | 410,009 | 4,604,365 | 593,282 | 3,314,682 | 1,933,731 | 283,271 | - | - |
| Intermediate sources | 32 | - | - | - | - | - | - | - |
| State sources | 21,267,521 | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | <u>21,677,562</u> | <u>4,604,365</u> | <u>593,282</u> | <u>3,314,682</u> | <u>1,933,731</u> | <u>283,271</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Instruction | 13,160,607 | - | - | - | - | - | - | - |
| Support services | 6,844,997 | - | - | 2,356,161 | 1,948,262 | - | 142,491 | - |
| Noninstructional services | 319,390 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | 458,141 | - | - | - | 463,286 |
| Debt service | - | 4,562,188 | 576,379 | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>20,324,994</u> | <u>4,562,188</u> | <u>576,379</u> | <u>2,814,302</u> | <u>1,948,262</u> | <u>-</u> | <u>142,491</u> | <u>463,286</u> |
| Excess (deficiency) of receipts over disbursements | <u>1,352,568</u> | <u>42,177</u> | <u>16,903</u> | <u>500,380</u> | <u>(14,531)</u> | <u>283,271</u> | <u>(142,491)</u> | <u>(463,286)</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | 750,000 |
| Sale of capital assets | 1,816 | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | (27,780) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>1,816</u> | <u>(27,780)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>750,000</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>1,354,384</u> | <u>14,397</u> | <u>16,903</u> | <u>500,380</u> | <u>(14,531)</u> | <u>283,271</u> | <u>(142,491)</u> | <u>286,714</u> |
| Cash and investments - ending | <u>\$ 2,078,349</u> | <u>\$ 2,716,473</u> | <u>\$ 328,070</u> | <u>\$ 1,198,246</u> | <u>\$ 442,706</u> | <u>\$ 522,601</u> | <u>\$ 1,830,036</u> | <u>\$ 286,714</u> |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | School Lunch | Textbook Rental | Repair and Replacement | Self-Insurance | Educational License Plates | Alternative Education | Literacy Early Intervention FY 15-16 | DEKKO Kindergarten |
|---|-------------------|-------------------|------------------------|-----------------|----------------------------|-----------------------|--------------------------------------|--------------------|
| Cash and investments - beginning | \$ 326,910 | \$ 222,825 | \$ 111,956 | \$ - | \$ 14,269 | \$ 1,058 | \$ - | \$ 841 |
| Receipts: | | | | | | | | |
| Local sources | 542,630 | 187,947 | - | 2,825 | - | - | - | - |
| Intermediate sources | - | - | - | - | 187 | - | - | - |
| State sources | 20,922 | 87,143 | - | - | - | - | - | - |
| Federal sources | 648,363 | - | - | - | - | - | - | - |
| Other receipts | - | - | 53,929 | - | - | - | - | - |
| Total receipts | <u>1,211,915</u> | <u>275,090</u> | <u>53,929</u> | <u>2,825</u> | <u>187</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | - |
| Support services | 1,372 | 29,717 | 150,496 | - | - | - | - | - |
| Noninstructional services | 1,188,182 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | 47,352 | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | 30,000 | - | - | - | - | - | - | - |
| Total disbursements | <u>1,266,906</u> | <u>29,717</u> | <u>150,496</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(54,991)</u> | <u>245,373</u> | <u>(96,567)</u> | <u>2,825</u> | <u>187</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | 27,780 | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>27,780</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>(54,991)</u> | <u>273,153</u> | <u>(96,567)</u> | <u>2,825</u> | <u>187</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 271,919</u> | <u>\$ 495,978</u> | <u>\$ 15,389</u> | <u>\$ 2,825</u> | <u>\$ 14,456</u> | <u>\$ 1,058</u> | <u>\$ -</u> | <u>\$ 841</u> |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Miscellaneous Grants | Miscellaneous Grants Substitutes | Teaching Excellence | Project Lead the Way | Schwab Foundation | Community Partnership New Tech Tops | Community Partnership PBL 101 Buck Ins | Whitley Forward Stem Grant |
|---|-------------------------|--|------------------------|-------------------------|----------------------|---|--|----------------------------------|
| Cash and investments - beginning | \$ 13,291 | \$ 75 | \$ 1,042 | \$ 45,335 | \$ 15,972 | \$ 70,000 | \$ 23,176 | \$ 2,465 |
| Receipts: | | | | | | | | |
| Local sources | 18,658 | 1,116 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | 18,658 | 1,116 | - | - | - | - | - | - |
| Disbursements: | | | | | | | | |
| Instruction | 8,944 | - | 42 | 14,189 | - | - | - | - |
| Support services | 11,000 | 1,080 | - | - | - | 70,000 | 2,564 | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 19,944 | 1,080 | 42 | 14,189 | - | 70,000 | 2,564 | - |
| Excess (deficiency) of receipts over disbursements | (1,286) | 36 | (42) | (14,189) | - | (70,000) | (2,564) | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| 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 | (1,286) | 36 | (42) | (14,189) | - | (70,000) | (2,564) | - |
| Cash and investments - ending | \$ 12,005 | \$ 111 | \$ 1,000 | \$ 31,146 | \$ 15,972 | \$ - | \$ 20,612 | \$ 2,465 |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | DEKKO Technology Project | Wal-Mart Foundation Grant | High Ability Grant FY 13-14 | High Ability Grant FY 14-15 | High Ability Grant FY 15-16 | Formative Assessment | Petty Cash | Secured Schools Safety Grant |
|---|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------|------------|------------------------------------|
| Cash and investments - beginning | \$ 20,235 | \$ 4 | \$ 29,070 | \$ - | \$ - | \$ - | \$ 300 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | 36,843 | - | - | - | 100,000 |
| Federal sources | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | - | - | - | 36,843 | - | - | - | 100,000 |
| Disbursements: | | | | | | | | |
| Instruction | - | 4 | 29,070 | 11,510 | - | - | - | - |
| Support services | - | - | - | - | - | - | - | 100,000 |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | 4 | 29,070 | 11,510 | - | - | - | 100,000 |
| Excess (deficiency) of receipts over disbursements | - | (4) | (29,070) | 25,333 | - | - | - | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| 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 | - | (4) | (29,070) | 25,333 | - | - | - | - |
| Cash and investments - ending | \$ 20,235 | \$ - | \$ - | \$ 25,333 | \$ - | \$ - | \$ 300 | \$ - |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Non-English Speaking Programs FY 14-15 | Non-English Speaking Programs FY 15-16 | School Technology | Technology Grants | Learn More In-College Success | Senator David Ford Technology | Title I FY 13-14 | Title I FY 14-15 |
|---|---|---|----------------------|----------------------|-------------------------------------|-------------------------------------|---------------------|---------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ 2,225 | \$ - | \$ 918 | \$ - | \$ (4,568) | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | 26,739 | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 1,740 | - | 8,193 | - | - | 18,242 | - | - |
| Federal sources | - | - | - | - | - | - | 4,568 | 267,682 |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | 1,740 | - | 8,193 | 26,739 | - | 18,242 | 4,568 | 267,682 |
| Disbursements: | | | | | | | | |
| Instruction | 243 | - | - | - | - | - | - | 274,363 |
| Support services | - | - | 8,228 | 26,739 | - | 18,242 | - | 144 |
| Noninstructional services | - | - | - | - | - | - | - | 1,021 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 243 | - | 8,228 | 26,739 | - | 18,242 | - | 275,528 |
| Excess (deficiency) of receipts over disbursements | 1,497 | - | (35) | - | - | - | 4,568 | (7,846) |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| 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 | 1,497 | - | (35) | - | - | - | 4,568 | (7,846) |
| Cash and investments - ending | \$ 1,497 | \$ - | \$ 2,190 | \$ - | \$ 918 | \$ - | \$ - | \$ (7,846) |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Title I FY 15-16 | IDEA Part B FY 13-14 | IDEA Part B FY 12-13 | IDEA Part B FY 14-15 | IDEA Part B FY 15-16 | IDEA Technical Assistance FY 13-14 | IDEA Part B Preschool FY 14-15 | IDEA Part B Preschool FY 15-16 |
|---|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|---|---|---|
| Cash and investments - beginning | \$ - | \$ (32,743) | \$ (844) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | - | 127,395 | 7,564 | 556,574 | - | 12,793 | 30,190 | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | - | 127,395 | 7,564 | 556,574 | - | 12,793 | 30,190 | - |
| Disbursements: | | | | | | | | |
| Instruction | - | 41,093 | 4,316 | 143,992 | - | 12,793 | 30,190 | - |
| Support services | - | 63,679 | 2,404 | 428,395 | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | 104,772 | 6,720 | 572,387 | - | 12,793 | 30,190 | - |
| Excess (deficiency) of receipts over disbursements | - | 22,623 | 844 | (15,813) | - | - | - | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 22,623 | 844 | (15,813) | - | - | - | - |
| Cash and investments - ending | \$ - | \$ (10,120) | \$ - | \$ (15,813) | \$ - | \$ - | \$ - | \$ - |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

| | Other Federal Programs | Title II Part A FY 12-13 | Title II Part A FY 13-14 | Title II Part A FY 14-15 | Title II Part A FY 15-16 | New Technology Grants | Fringe Benefit Clearing Account | Payroll Withholding Clearing Account | Totals |
|---|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------|--|---|---------------|
| Cash and investments - beginning | \$ 43 | \$ (31,665) | \$ (1,404) | \$ - | \$ - | \$ 562 | \$ - | \$ 959,998 | \$ 8,895,514 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 11,919,255 |
| Intermediate sources | - | - | - | - | - | - | - | - | 219 |
| State sources | - | - | - | - | - | - | - | - | 21,540,604 |
| Federal sources | - | 40,977 | 60,935 | 33,519 | - | - | - | - | 1,790,560 |
| Other receipts | - | - | - | - | - | - | 10,581 | 16,010,165 | 16,074,675 |
| Total receipts | - | 40,977 | 60,935 | 33,519 | - | - | 10,581 | 16,010,165 | 51,325,313 |
| Disbursements: | | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | - | 13,731,356 |
| Support services | - | 9,312 | 68,274 | 33,519 | - | 562 | - | - | 12,317,638 |
| Noninstructional services | - | - | - | - | - | - | - | - | 1,508,593 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | 968,779 |
| Debt service | - | - | - | - | - | - | - | - | 5,138,567 |
| Nonprogrammed charges | - | - | - | - | - | - | 10,581 | 16,872,526 | 16,913,107 |
| Total disbursements | - | 9,312 | 68,274 | 33,519 | - | 562 | 10,581 | 16,872,526 | 50,578,040 |
| Excess (deficiency) of receipts over disbursements | - | 31,665 | (7,339) | - | - | (562) | - | (862,361) | 747,273 |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - | 750,000 |
| Sale of capital assets | - | - | - | - | - | - | - | - | 1,816 |
| Transfers in | - | - | - | - | - | - | - | - | 27,780 |
| Transfers out | - | - | - | - | - | - | - | - | (27,780) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | 751,816 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 31,665 | (7,339) | - | - | (562) | - | (862,361) | 1,499,089 |
| Cash and investments - ending | \$ 43 | \$ - | \$ (8,743) | \$ - | \$ - | \$ - | \$ - | \$ 97,637 | \$ 10,394,603 |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

| | General | Debt Service | Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day | Construction |
|---|---------------------|---------------------|---|---------------------|--------------------------|---------------------------|---------------------|------------------|
| Cash and investments - beginning | \$ 2,078,349 | \$ 2,716,473 | \$ 328,070 | \$ 1,198,246 | \$ 442,706 | \$ 522,601 | \$ 1,830,036 | \$ 286,714 |
| Receipts: | | | | | | | | |
| Local sources | 420,864 | 5,032,350 | 588,454 | 3,293,634 | 1,990,203 | 110,314 | 8,449 | - |
| Intermediate sources | 34 | - | - | - | - | - | - | - |
| State sources | 21,769,307 | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | <u>22,190,205</u> | <u>5,032,350</u> | <u>588,454</u> | <u>3,293,634</u> | <u>1,990,203</u> | <u>110,314</u> | <u>8,449</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Instruction | 14,320,016 | - | - | - | - | - | - | - |
| Support services | 6,857,524 | - | - | 1,879,931 | 1,888,036 | 352,098 | 61,452 | - |
| Noninstructional services | 368,735 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | 306,598 | - | - | - | 188,812 |
| Debt service | - | 4,943,057 | 585,712 | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>21,546,275</u> | <u>4,943,057</u> | <u>585,712</u> | <u>2,186,529</u> | <u>1,888,036</u> | <u>352,098</u> | <u>61,452</u> | <u>188,812</u> |
| Excess (deficiency) of receipts over disbursements | <u>643,930</u> | <u>89,293</u> | <u>2,742</u> | <u>1,107,105</u> | <u>102,167</u> | <u>(241,784)</u> | <u>(53,003)</u> | <u>(188,812)</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | 848 | - | - | 365 | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | (24,225) | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>848</u> | <u>(24,225)</u> | <u>-</u> | <u>365</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>644,778</u> | <u>65,068</u> | <u>2,742</u> | <u>1,107,470</u> | <u>102,167</u> | <u>(241,784)</u> | <u>(53,003)</u> | <u>(188,812)</u> |
| Cash and investments - ending | <u>\$ 2,723,127</u> | <u>\$ 2,781,541</u> | <u>\$ 330,812</u> | <u>\$ 2,305,716</u> | <u>\$ 544,873</u> | <u>\$ 280,817</u> | <u>\$ 1,777,033</u> | <u>\$ 97,902</u> |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

| | School Lunch | Textbook Rental | Repair and Replacement | Self-Insurance | Educational License Plates | Alternative Education | Literacy Early Intervention FY 15-16 | DEKKO Kindergarten |
|---|-------------------|--------------------|---------------------------|-----------------|----------------------------------|--------------------------|--|-----------------------|
| Cash and investments - beginning | \$ 271,919 | \$ 495,978 | \$ 15,389 | \$ 2,825 | \$ 14,456 | \$ 1,058 | \$ - | \$ 841 |
| Receipts: | | | | | | | | |
| Local sources | 593,564 | 157,563 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | 169 | - | - | - |
| State sources | 18,886 | 78,615 | - | - | - | 2,800 | - | - |
| Federal sources | 617,712 | - | - | - | - | - | - | - |
| Other receipts | - | - | 102,202 | - | - | - | - | - |
| Total receipts | <u>1,230,162</u> | <u>236,178</u> | <u>102,202</u> | <u>-</u> | <u>169</u> | <u>-</u> | <u>2,800</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | - |
| Support services | 1,176 | 10,398 | 97,251 | - | - | - | - | - |
| Noninstructional services | 1,170,749 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | 38,114 | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | 30,000 | - | - | - | - | - | - | - |
| Total disbursements | <u>1,240,039</u> | <u>10,398</u> | <u>97,251</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(9,877)</u> | <u>225,780</u> | <u>4,951</u> | <u>-</u> | <u>169</u> | <u>-</u> | <u>2,800</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | 24,225 | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>24,225</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>(9,877)</u> | <u>250,005</u> | <u>4,951</u> | <u>-</u> | <u>169</u> | <u>-</u> | <u>2,800</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 262,042</u> | <u>\$ 745,983</u> | <u>\$ 20,340</u> | <u>\$ 2,825</u> | <u>\$ 14,625</u> | <u>\$ 1,058</u> | <u>\$ 2,800</u> | <u>\$ 841</u> |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

| | Miscellaneous Grants | Miscellaneous Grants Substitutes | Teaching Excellence | Project Lead the Way | Schwab Foundation | Community Partnership New Tech Tops | Community Partnership PBL 101 Buck Ins | Whitley Forward Stem Grant |
|---|-------------------------|--|------------------------|-------------------------|----------------------|---|--|----------------------------------|
| Cash and investments - beginning | \$ 12,005 | \$ 111 | \$ 1,000 | \$ 31,146 | \$ 15,972 | \$ - | \$ 20,612 | \$ 2,465 |
| Receipts: | | | | | | | | |
| Local sources | 45,490 | 1,248 | - | - | - | 6,320 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | <u>45,490</u> | <u>1,248</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,320</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Instruction | 4,343 | - | - | 13,091 | - | - | - | - |
| Support services | - | 1,173 | - | - | - | 6,320 | 408 | - |
| Noninstructional services | 2,500 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>6,843</u> | <u>1,173</u> | <u>-</u> | <u>13,091</u> | <u>-</u> | <u>6,320</u> | <u>408</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>38,647</u> | <u>75</u> | <u>-</u> | <u>(13,091)</u> | <u>-</u> | <u>-</u> | <u>(408)</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| 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>38,647</u> | <u>75</u> | <u>-</u> | <u>(13,091)</u> | <u>-</u> | <u>-</u> | <u>(408)</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 50,652</u> | <u>\$ 186</u> | <u>\$ 1,000</u> | <u>\$ 18,055</u> | <u>\$ 15,972</u> | <u>\$ -</u> | <u>\$ 20,204</u> | <u>\$ 2,465</u> |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

| | DEKKO Technology Project | Wal-Mart Foundation Grant | High Ability Grant FY 13-14 | High Ability Grant FY 14-15 | High Ability Grant FY 15-16 | Formative Assessment | Petty Cash | Secured Schools Safety Grant |
|---|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------|------------|------------------------------------|
| Cash and investments - beginning | \$ 20,235 | \$ - | \$ - | \$ 25,333 | \$ - | \$ - | \$ 300 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | 38,323 | 36,628 | - | 32,856 |
| Federal sources | - | - | - | - | - | - | - | - |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | - | - | - | - | 38,323 | 36,628 | - | 32,856 |
| Disbursements: | | | | | | | | |
| Instruction | - | - | - | 25,333 | 35,560 | - | - | - |
| Support services | - | - | - | - | - | 36,628 | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | 32,856 |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | - | - | 25,333 | 35,560 | 36,628 | - | 32,856 |
| Excess (deficiency) of receipts over disbursements | - | - | - | (25,333) | 2,763 | - | - | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| 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 | - | - | - | (25,333) | 2,763 | - | - | - |
| Cash and investments - ending | \$ 20,235 | \$ - | \$ - | \$ - | \$ 2,763 | \$ - | \$ 300 | \$ - |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

| | Non-English Speaking Programs FY 14-15 | Non-English Speaking Programs FY 15-16 | School Technology | Technology Grants | Learn More In-College Success | Senator David Ford Technology | Title I FY 13-14 | Title I FY 14-15 |
|---|---|---|----------------------|----------------------|-------------------------------------|-------------------------------------|---------------------|---------------------|
| Cash and investments - beginning | \$ 1,497 | \$ - | \$ 2,190 | \$ - | \$ 918 | \$ - | \$ - | \$ (7,846) |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | 27,223 | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | 4,221 | 8,724 | - | - | 11,759 | - | - |
| Federal sources | - | - | - | - | - | - | - | 32,246 |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | - | 4,221 | 8,724 | 27,223 | - | 11,759 | - | 32,246 |
| Disbursements: | | | | | | | | |
| Instruction | 1,497 | 4,211 | - | - | - | - | - | 24,400 |
| Support services | - | - | 8,670 | 27,223 | - | 21,381 | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 1,497 | 4,211 | 8,670 | 27,223 | - | 21,381 | - | 24,400 |
| Excess (deficiency) of receipts over disbursements | (1,497) | 10 | 54 | - | - | (9,622) | - | 7,846 |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| 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 | (1,497) | 10 | 54 | - | - | (9,622) | - | 7,846 |
| Cash and investments - ending | \$ - | \$ 10 | \$ 2,244 | \$ - | \$ 918 | \$ (9,622) | \$ - | \$ - |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

| | Title I FY 15-16 | IDEA Part B FY 13-14 | IDEA Part B FY 12-13 | IDEA Part B FY 14-15 | IDEA Part B FY 15-16 | IDEA Technical Assistance FY 13-14 | IDEA Part B Preschool FY 14-15 | IDEA Part B Preschool FY 15-16 |
|---|---------------------|----------------------------|----------------------------|----------------------------|----------------------------|---|---|---|
| Cash and investments - beginning | \$ - | \$ (10,120) | \$ - | \$ (15,813) | \$ - | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 270,238 | 56,352 | - | 113,192 | 517,911 | 33 | - | 24,278 |
| Other receipts | - | - | - | - | - | - | - | - |
| Total receipts | <u>270,238</u> | <u>56,352</u> | <u>-</u> | <u>113,192</u> | <u>517,911</u> | <u>33</u> | <u>-</u> | <u>24,278</u> |
| Disbursements: | | | | | | | | |
| Instruction | 279,501 | 12,881 | - | 33,454 | 123,644 | 33 | - | 25,434 |
| Support services | 112 | 33,351 | - | 65,277 | 435,022 | - | - | - |
| Noninstructional services | 992 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>280,605</u> | <u>46,232</u> | <u>-</u> | <u>98,731</u> | <u>558,666</u> | <u>33</u> | <u>-</u> | <u>25,434</u> |
| Excess (deficiency) of receipts over disbursements | <u>(10,367)</u> | <u>10,120</u> | <u>-</u> | <u>14,461</u> | <u>(40,755)</u> | <u>-</u> | <u>-</u> | <u>(1,156)</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| 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>(10,367)</u> | <u>10,120</u> | <u>-</u> | <u>14,461</u> | <u>(40,755)</u> | <u>-</u> | <u>-</u> | <u>(1,156)</u> |
| Cash and investments - ending | <u>\$ (10,367)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,352)</u> | <u>\$ (40,755)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,156)</u> |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

| | Other Federal Programs | Title II Part A FY 12-13 | Title II Part A FY 13-14 | Title II Part A FY 14-15 | Title II Part A FY 15-16 | New Technology Grants | Fringe Benefit Clearing Account | Payroll Withholding Clearing Account | Totals |
|---|---------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------|--|---|---------------|
| Cash and investments - beginning | \$ 43 | \$ - | \$ (8,743) | \$ - | \$ - | \$ - | \$ - | \$ 97,637 | \$ 10,394,603 |
| Receipts: | | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - | 12,275,676 |
| Intermediate sources | - | - | - | - | - | - | - | - | 203 |
| State sources | - | - | - | - | - | - | - | - | 22,002,119 |
| Federal sources | - | - | 15,490 | 43,947 | 41,661 | - | - | - | 1,733,060 |
| Other receipts | - | - | - | - | - | - | 10,814 | 16,918,111 | 17,031,127 |
| Total receipts | - | - | 15,490 | 43,947 | 41,661 | - | 10,814 | 16,918,111 | 53,042,185 |
| Disbursements: | | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | - | 14,903,398 |
| Support services | - | - | 6,747 | 43,947 | 45,742 | - | - | - | 11,879,867 |
| Noninstructional services | - | - | - | - | - | - | - | - | 1,542,976 |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - | 566,380 |
| Debt service | - | - | - | - | - | - | - | - | 5,528,769 |
| Nonprogrammed charges | - | - | - | - | - | - | 10,814 | 16,903,431 | 16,944,245 |
| Total disbursements | - | - | 6,747 | 43,947 | 45,742 | - | 10,814 | 16,903,431 | 51,365,635 |
| Excess (deficiency) of receipts over disbursements | - | - | 8,743 | - | (4,081) | - | - | 14,680 | 1,676,550 |
| Other financing sources (uses): | | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - | 1,213 |
| Transfers in | - | - | - | - | - | - | - | - | 24,225 |
| Transfers out | - | - | - | - | - | - | - | - | (24,225) |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - | 1,213 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | 8,743 | - | (4,081) | - | - | 14,680 | 1,677,763 |
| Cash and investments - ending | \$ 43 | \$ - | \$ - | \$ - | \$ (4,081) | \$ - | \$ - | \$ 112,317 | \$ 12,072,366 |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-----------------------------|--------------------------------|
| Governmental activities | <u>\$ 171,324</u> | <u>\$ 67,334</u> |

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2016

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--|---|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| De Lage Landen Public Finance LLC | Copier Lease | \$ 496 | 8/27/2015 | 5/25/2020 |
| Whitley County Multi School Building Corporation | Technology Infrastructure-2014 1st Mortgage | 860,000 | 12/31/2015 | 6/30/2018 |
| Whitley County Multi School Building Corporation | Refunding Bldg Constr/Remodel Debt | 4,009,000 | 1/15/2008 | 1/15/2021 |
| Whitley County Multi School Building Corporation | QSCB for New Tech Renovations-2009 | 150,000 | 7/6/2010 | 1/16/2026 |
| Whitley County Multi School Building Corporation | QSCB for New Tech Renovations-2010 | 209,711 | 7/15/2011 | 1/15/2026 |
| Providence Capital Network | Laptop Lease | <u>116,855</u> | 2/10/2016 | 6/30/2019 |
| Total of annual lease payments | | <u>\$ 5,346,062</u> | | |

| Description of Debt | Type | Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|------|--|--------------------------------|---|
| Governmental activities: | | | | |
| General obligation bonds | | Refinancing severance obligations due retiring employees | \$ 1,046,406 | \$ 352,971 |
| General obligation bonds | | Refinancing obligation due retiring employees 2015 | <u>1,773,773</u> | <u>208,708</u> |
| Totals | | | <u>\$ 2,820,179</u> | <u>\$ 561,679</u> |

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE WHITLEY COUNTY CONSOLIDATED
SCHOOLS, WHITLEY COUNTY, INDIANA

Report on Compliance for the Major Federal Programs

We have audited the Whitley County Consolidated Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal programs for the period of July 1, 2014 to June 30, 2016. 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. Except as discussed in the following paragraph, 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 the major federal programs. However, our audit does not provide a legal determination of the School Corporation's compliance.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2016-004 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 Program Income. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

As described in items 2016-003 and 2016-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Eligibility and Special Tests and Provisions that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the 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 Program Income, and except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraphs, 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, 2014 to June 30, 2016.

Unmodified Opinion on Special Education (IDEA) Cluster

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 the Special Education (IDEA) Cluster for the period of July 1, 2014 to June 30, 2016.

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 the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

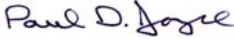
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 2016-002, 2016-003, 2016-004, and 2016-005 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 6, 2017

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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

| 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 | Pass-Through To Subrecipient 06-30-15 | Total Federal Awards Expended 06-30-15 | Pass-Through To Subrecipient 06-30-16 | Total Federal Awards Expended 06-30-16 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| <u>Department of Agriculture</u> | | | | | | | |
| Child Nutrition Cluster | | | | | | | |
| School Breakfast Program | Indiana Department of Education | 10.553 | | | | | |
| | | | FY 14-15 | \$ - | \$ 109,371 | \$ - | \$ - |
| | | | FY 15-16 | - | - | - | 100,757 |
| | | | | - | 109,371 | - | 100,757 |
| Total - School Breakfast Program | | | | - | 109,371 | - | 100,757 |
| National School Lunch Program | | | | | | | |
| | Indiana Department of Education | 10.555 | | | | | |
| | | | FY 14-15 | - | 525,613 | - | - |
| | | | FY 15-16 | - | - | - | 506,391 |
| National School Lunch Program - Commodities | | | | - | 112,193 | - | 110,154 |
| Total - School Lunch Program | | | | - | 637,806 | - | 616,545 |
| Summer Food Service Program for Children | | | | | | | |
| | Indiana Department of Education | 10.559 | | | | | |
| | | | FY 14-15 | - | 13,379 | - | - |
| | | | FY 15-16 | - | - | - | 11,372 |
| Total - Summer Food Service Program for Children | | | | - | 13,379 | - | 11,372 |
| Total - Child Nutrition Cluster | | | | - | 760,556 | - | 728,674 |
| Total - Department of Agriculture | | | | - | 760,556 | - | 728,674 |
| <u>Department of Education</u> | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education_Grants to States | Indiana Department of Education | 84.027 | | | | | |
| Part B, IDEA | | | 14213-020-PN01 | - | 7,564 | - | - |
| Part B, IDEA | | | 14214-020-PN01 | - | 127,395 | - | 56,352 |
| Part B, Technical Assistance | | | 99914-020-PN01 | - | 12,793 | - | 33 |
| Part B, IDEA | | | 14215-020-PN01 | - | 556,574 | - | 113,192 |
| Part B, IDEA | | | 14216-018-PN01 | - | - | - | 517,911 |
| Total - Special Education_Grants to States | | | | - | 704,326 | - | 687,488 |

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016
(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 | Pass-Through To Subrecipient 06-30-15 | Total Federal Awards Expended 06-30-15 | Pass-Through To Subrecipient 06-30-16 | Total Federal Awards Expended 06-30-16 |
|--|---|---------------------------|--|---|---|---|---|
| Department of Education (continued) | | | | | | | |
| Special Education Cluster (IDEA) (continued) | | | | | | | |
| Special Education_Preschool Grants | Indiana Department of Education | 84.173 | | | | | |
| Preschool | | | 45715-020-PN01 | - | 30,190 | - | - |
| Preschool | | | 45716-018-PN01 | - | - | - | 24,278 |
| Total - Special Education_Preschool Grants | | | | - | 30,190 | - | 24,278 |
| Total - Special Education Cluster (IDEA) | | | | - | 734,516 | - | 711,766 |
| Title I Grants to Local Educational Agencies | | | | | | | |
| Part A, Compensatory Education | Indiana Department of Education | 84.010 | 14-8665 | - | 4,568 | - | - |
| Part A, Compensatory Education | | | 15-8665 | - | 267,682 | - | 32,246 |
| Part A, Compensatory Education | | | 16-8665 | - | - | - | 270,238 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 272,250 | - | 302,484 |
| Improving Teacher Quality State Grants | | | | | | | |
| Title II, Part A | Indiana Department of Education | 84.367 | 12-8665 | - | 40,977 | - | - |
| Title II, Part A | | | 13-8665 | - | 60,935 | - | 15,490 |
| Title II, Part A | | | 14-8665 | - | 33,519 | - | 43,947 |
| Title II, Part A | | | 15-8665 | - | - | - | 41,661 |
| Total - Improving Teacher Quality State Grants | | | | - | 135,431 | - | 101,098 |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act New Tech School Grant | University of Indianapolis | 84.397 | FY 14-15 | - | 562 | - | - |
| Total - Department of Education | | | | - | 1,142,759 | - | 1,115,348 |
| Department of Homeland Security | | | | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | Indiana Department of Homeland Security | 97.036 | FY 14-15 | - | 5,623 | - | - |
| Total - Department of Homeland Security | | | | - | 5,623 | - | - |
| Total federal awards expended | | | | \$ - | \$ 1,908,938 | \$ - | \$ 1,844,022 |

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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 under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

| | |
|---|---|
| Internal control over major programs: | |
| Material weaknesses identified? | yes |
| Significant deficiency identified? | none reported |
| Type of auditor's report issued on compliance for major programs: | Qualified for Child Nutrition Cluster and Unmodified for Special Education (IDEA) Cluster |
| Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133? | yes |

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
Special Education (IDEA) Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2016-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The SEFA presented for audit contained the following errors:

1. Child Nutrition Cluster non-cash federal assistance was not included in the proper manner, resulting in an understatement in the amount of \$112,193 for FY 14-15 and \$110,154 for FY 15-16.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The Child Nutrition Cluster federal expenditures were understated in the amount of \$808 for FY 15-16 due to improper accounting for the August 2015 Monthly INDOE CND-1 Reimbursement that incorrectly posted net of Commodity invoices due to INDOE.
3. Special Education Cluster (IDEA) was understated in the amount of \$226 for FY 14-15 for Grant 99914-020-PN01.
4. Disaster Grants - Public Assistance (Presidentially Declared Disasters) was not included resulting in an understatement in the amount of \$5,623 for FY 14-15.
5. Some grants contained incorrect Federal Program names.
6. The correct Local Program Name was not included.
7. The Award Numbers or the Local Fund Numbers were not included.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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

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

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

Cash Management (School Breakfast Program and National School Lunch Program)

The School Corporation had not established a control to ensure that the food service balance was less than or equal to the average expenditures for three months.

Reporting

The Food Service Director prepared and submitted the Sponsor Claims, the School Food Authority (SFA) Verification Collection Reports, and the Annual Financial Report; however, there was no control in place to ensure that the reports were correct.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

Internal control issues were systemic, occurring throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-003 - ELIGIBILITY

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

The School Corporation had not established an effective control over the eligibility determination for Free and Reduced Price School Meals Applications. The Food Service Director was the sole person responsible for determining eligibility of applications filed.

The School Corporation had not established an effective control over the notification of households of the children's eligibility. There was no audit evidence available to test whether households who submitted Free and Reduced Price School Meals Applications were notified of the eligibility of their children.

Context

Internal control issues were systemic, occurring throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 3016.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
- (ii) Otherwise reasonably considered as pertinent to the program regulations or the grant agreement. . . .

(b) *Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management had not maintained a system of internal controls that segregated key functions.

Effect

The failure to maintain supporting documentation prevented the ability to identify if the School Corporation was in compliance with the Eligibility requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management maintain controls, including segregation of duties, related to the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-004 - PROGRAM INCOME

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. There were no procedures established to ensure that the receipts of the Child Nutrition Cluster programs were handled properly in accordance with the Program Income compliance requirement.

The School Corporation established a single fund, the School Lunch fund, for all activity or the food service programs.

The School Corporation also maintained prepaid accounts for students. When prepaid funds were received, they were receipted with the program income into the School Lunch fund as revenue, with no distinction between the prepaid accounts and the program income generated from the food service programs.

Context

The School Corporation's procedures for recording revenues in the School Lunch fund prevented the ability to determine whether the School Corporation was in compliance with the Program Income requirement.

Criteria

2 CFR 200.302(b) states in part:

". . . (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish a system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit prevented the determination of the School Corporation's compliance with the Program Income requirement.

Questioned Costs

There were no questioned costs.

Recommendation

We recommended that the School Corporation's management establish controls and procedures to ensure that prepaid receipts and program income receipts were segregated and available for audit.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Number and Year (or Other Identifying Number): FY 14-15
Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure that noncompliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement would have been prevented, or detected and corrected.

Context

The School Corporation did not have policies or procedures in place to ensure Special Tests and Provisions - Paid Lunch Equity requirements were properly calculated and considered. The School Corporation did not retain its paid lunch equity calculations documentation for the 2014-2015 school year; therefore, the School Corporation was not in compliance with the Special Tests and Provisions - Paid Lunch Equity requirement.

Criteria

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); . . ."

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

7 CFR 210.14(e) states in part:

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

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

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions or that ensured the maintenance of proper supporting documentation.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

Dr. Patricia O'Connor
Superintendent

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 (Auditor Assigned Reference Number)


Fiscal year in which the finding initially occurred: FY 2012/2013

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: National School Lunch Program

Contact Person Responsible for Corrective Action: Kirk Doehrmann

Contact Phone Number: 260-244-5771

Status of Audit Finding: Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in the Audit. Treasurer reported that Deputy Treasurer will verify all information before it is entered into Gateway.



(Signature)

Superintendent

(Title)

March 1, 2017

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

Dr. Patricia O'Connor
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2016-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Director of Business and Operations

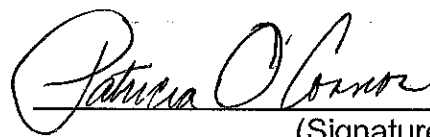
Contact Phone Number: 260-244-5771

Views of Responsible Official: School District concurs with the finding

Description of Corrective Action Plan: Treasurer and Deputy Treasurer will verify that all non-cash and cash federal assistance is entered and reported on SEFA correctly.

Communication with the Food Service Director and other school personnel involved with federal grants will occur to verify information is correct.

Anticipated Completion Date: Immediately



(Signature)

Superintendent

(Title)

March 1, 2017

(Date)

Dr. Patricia O'Connor
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2016-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Director of Business and Operations

Contact Phone Number: 260-244-5771

Views of Responsible Official:

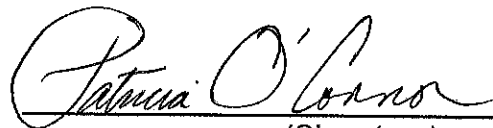
In response to Cash Management compliance, School District respects the finding, and recognizes that our balance exceeds three months operating expenses. However, the District endeavors to spend funds in an appropriate manner and to maintain meal prices in response to federal requirements while complying with pricing expectations.

In response to Reporting compliance, School District adopted internal control policies effective November 21, 2016. We understand the importance of proper internal controls and the need for effective implementation of these new policies. WCCS is undergoing a transition in our business office and will be hiring a new Director of Business of Operations. Once we have filled this position, our Director will oversee training of staff to ensure compliance with board policy.

Description of Corrective Action Plan:

WCCS Director of Business and Operations will develop plan for training and implementation of board adopted internal control policy. Completion of training and implementation of plan will occur prior to the beginning of the 2017/2018 school year

Anticipated Completion Date: Prior to the beginning of the 2017/2018 school year



(Signature)

Superintendent

(Title)

March 1, 2017

(Date)

CORRECTIVE ACTION PLAN

FINDING 2016-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Director of Business and Operations

Contact Phone Number: 260-244-5771

Views of Responsible Official:

In response to Eligibility compliance, School District believes that our past practices have been in alignment with this requirement, however due to personnel changes in the business office and food service implementation was not explained to auditors in sufficient detail.

Director of Food Service receives free/reduced applications and determines eligibility. At that time, one of three letters is sent to the parent: 1) Notice of Approval/Denial of Meal Benefits; 2) Food Stamp/TANF Eligible Notice of Direct Certification; or 3) Foster Children Notice of Direct Certification. The Deputy Treasurer audits a random sample of these applications (approximately 3%) as part of our internal controls. In addition, we will have a second party review and sign applications for documentation.

School District adopted internal control policies effective November 21, 2016. We understand the importance of proper internal controls and the need for effective implementation of these new policies. WCCS is undergoing a transition in our business office and will be hiring a new Director of Business of Operations. Once we have filled this position, our Director will oversee training of staff to ensure compliance with board policy

Description of Corrective Action Plan:

WCCS Director of Business and Operations will develop plan for training and implementation of Board adopted internal control policy. Completion of training and implementation of plan will occur prior to the beginning of the 2017/2018 school year.

Documentation of dates for notification letters will be maintained for Free/Reduced Price Meal Applications as evidence to indicate parents were informed of the status of their children.

Anticipated Completion Date: Immediately



(Signature)

Superintendent

(Title)

March 1, 2017

(Date)

Dr. Patricia O'Connor
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2016-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Director of Business and Operations

Contact Phone Number: 260-244-5771

Views of Responsible Official:

School Corporation concurs with this finding.

Description of Corrective Action Plan: Effective February 1, 2017, School Corporation established the proper funds to account for prepaid meals. Food Service Director will be attending IASBO training related to this issue on March 22, 2017 to ensure thorough understanding and implementation related to prepaid accounts and program income generated from the food service programs.

Anticipated Completion Date: Immediately



(Signature)

Superintendent

(Title)

March 1, 2017

(Date)

Dr. Patricia O'Connor
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2016-005 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Director of Business and Operations

Contact Phone Number: 260-244-5771

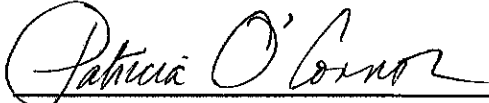
Views of Responsible Official:

School Corporation concurs with this finding.

Description of Corrective Action Plan: While Food Service Director does follow calculation procedures for pricing paid lunches, this documentation was not available for review by the auditors. Treasurer will ensure this information is accurate and is filed for review.

School District adopted internal control policies effective November 21, 2016. We understand the importance of proper internal controls and the need for effective implementation of these new policies. WCCS is undergoing a transition in our business office and will be hiring a new Director of Business of Operations. Once we have filled this position, our Director will oversee training of staff to ensure compliance with board policy.

Anticipated Completion Date: Prior to the beginning of the 2017/2018 school year



(Signature)

Superintendent

(Title)

March 1, 2017

(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/>.