

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH WHITE SCHOOL CORPORATION
WHITE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
08/15/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shellie Ruemler	07-01-13 to 06-30-17
Superintendent of Schools	Nicholas Eccles Dr. Teresa L. Gremaux	07-01-13 to 06-30-15 07-01-15 to 06-30-17
President of the School Board	Shannon Mattix Brian Pogue	07-01-13 to 12-31-14 01-01-15 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH WHITE SCHOOL CORPORATION, WHITE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the North White School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, 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, 2013 to June 30, 2015.

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, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 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

June 1, 2017



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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 NORTH WHITE SCHOOL CORPORATION, WHITE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North White School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated June 1, 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 a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 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 2015-001.

North White School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

June 1, 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.

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NORTH WHITE SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-13	Receipts	Disbursements		06-30-14	Receipts	Disbursements		
General	\$ 1,926,682	\$ 5,887,926	\$ 6,142,953	\$ 11,740	\$ 1,683,395	\$ 5,722,343	\$ 5,598,446	\$ 43,140	\$ 1,850,432
Debt Service	845,494	1,529,960	1,393,000	-	982,454	1,056,604	1,394,000	(17,010)	628,048
Retirement/Severance Bond Debt Service	20,666	175,282	177,506	-	18,442	182,997	179,780	-	21,659
Capital Projects	663,629	1,184,357	1,202,361	-	645,625	1,207,712	1,129,750	-	723,587
School Transportation	244,578	725,624	719,144	-	251,058	775,403	695,884	35,990	366,567
School Bus Replacement	8,512	104,167	195	-	112,484	126,208	50,942	-	187,750
Rainy Day	863,648	-	6,596	(36,189)	820,863	-	4,936	36,189	852,116
School Lunch	154,772	412,216	504,675	1,450	63,763	500,644	524,249	960	41,118
Textbook Rental	6,900	62,956	101,138	31,282	-	67,007	25,176	(14,243)	27,588
Levy Excess	35,990	-	-	-	35,990	210	-	(35,990)	210
IAHPERD Grant	113	-	-	-	113	-	-	-	113
Scholarships and Awards	120	-	-	-	120	-	-	-	120
Donations and Bequests	12,346	6,494	7,014	-	11,826	9,043	11,290	(540)	9,039
White County Award	85	-	-	-	85	-	-	-	85
Partners Drug Free Grant	1,179	1,100	2,279	-	-	1,700	1,700	-	-
Gifted/ Talented 2008-2009	17	-	-	-	17	-	-	-	17
Principal Leadership Academy	17,772	27,649	39,014	-	6,407	27,500	23,846	-	10,061
Adult and Continuing Education	(7,086)	70,204	62,932	4,936	5,122	47,842	60,057	(4,936)	(12,029)
Adult Education AD	-	-	-	-	-	4,123	4,251	-	(128)
Medicaid Reimbursement	42	-	-	-	42	-	-	-	42
Non-English Speaking Programs P.L. 273-1999	1,975	13,632	15,205	-	402	14,133	12,629	-	1,906
School Technology	2,670	2,748	4,694	-	724	3,147	954	-	2,917
Indiana Graduation Rate Performance Award	879	-	-	-	879	-	-	-	879
Title I 08/09	99	-	-	-	99	-	-	-	99
Title I 11/12 & 12/13	(12,739)	191,351	192,853	-	(14,241)	161,573	163,955	-	(16,623)
Title I Migrant	(1,156)	38,470	40,534	-	(3,220)	33,065	30,744	-	(899)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	61,610	61,610	-	-	-	-	-	-
Adult Ed. Prof. Deve	-	-	-	-	-	1,326	1,641	-	(315)
Adult Education	(3,191)	44,050	37,970	-	2,889	24,475	30,201	-	(2,837)
Improving Teaching Quality, No Child Left, Title II, Part A	(4,545)	25,504	22,230	-	(1,271)	53,866	55,590	-	(2,995)
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	16,810	16,810	-	-
Title III - Language Instruction	(2,784)	16,067	14,196	-	(913)	8,031	8,311	-	(1,193)
Clearing Fund	25,066	1,640,334	1,650,480	-	14,920	1,607,074	1,601,963	-	20,031
Extra Curricular Wages	416	1,663	1,538	-	541	2,009	2,366	-	184
Totals	\$ 4,802,149	\$ 12,223,364	\$ 12,400,117	\$ 13,219	\$ 4,638,615	\$ 11,654,845	\$ 11,629,471	\$ 43,560	\$ 4,707,549

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

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, 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.

NORTH WHITE SCHOOL CORPORATION
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:

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

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.

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being setup for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30.

Note 8. Holding Corporations

The School Corporation has entered into capital leases with the North White Elementary School Building Corporation and the North White School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2014 and 2015, totaled \$1,391,000 and \$1,392,000, respectively.

Note 9. Subsequent Events

The School Corporation issued General Obligation Bonds in November of 2015 in the amount of \$2,000,000 for the purpose of making renovations and improvements to the Intermediate and High School buildings. Lease payments start June 30, 2016, and end December 30, 2019. Total lease payments will be \$2,080,120.

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

The School Corporation entered into a lease agreement in December of 2015 with the North White Elementary School Building Corporation for the purpose of making renovations and improvements to the Elementary School. Lease payments start June 30, 2016, and end December 31, 2019. Total lease payments will be \$2,108,000.

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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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,926,682	\$ 845,494	\$ 20,666	\$ 663,629	\$ 244,578	\$ 8,512	\$ 863,648	\$ 154,772	\$ 6,900
Receipts:									
Local sources	16,053	1,529,960	175,282	1,176,047	722,657	104,167	-	110,564	19,864
Intermediate sources	535	-	-	-	-	-	-	-	-
State sources	5,871,338	-	-	8,310	2,967	-	-	3,050	43,092
Federal sources	-	-	-	-	-	-	-	298,602	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,887,926</u>	<u>1,529,960</u>	<u>175,282</u>	<u>1,184,357</u>	<u>725,624</u>	<u>104,167</u>	<u>-</u>	<u>412,216</u>	<u>62,956</u>
Disbursements:									
Instruction	4,034,853	-	-	-	-	-	-	10,865	-
Support services	1,988,250	-	-	548,674	719,069	195	6,596	766	101,138
Noninstructional services	119,850	-	-	-	-	-	-	493,044	-
Facilities acquisition and construction	-	-	-	653,687	75	-	-	-	-
Debt service	-	1,393,000	177,506	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>6,142,953</u>	<u>1,393,000</u>	<u>177,506</u>	<u>1,202,361</u>	<u>719,144</u>	<u>195</u>	<u>6,596</u>	<u>504,675</u>	<u>101,138</u>
Excess (deficiency) of receipts over disbursements	<u>(255,027)</u>	<u>136,960</u>	<u>(2,224)</u>	<u>(18,004)</u>	<u>6,480</u>	<u>103,972</u>	<u>(6,596)</u>	<u>(92,459)</u>	<u>(38,182)</u>
Other financing sources (uses):									
Sale of capital assets	11,740	-	-	-	-	-	-	1,450	29
Transfers in	-	-	-	-	-	-	-	-	31,253
Transfers out	-	-	-	-	-	-	(36,189)	-	-
Total other financing sources (uses)	<u>11,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,189)</u>	<u>1,450</u>	<u>31,282</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(243,287)</u>	<u>136,960</u>	<u>(2,224)</u>	<u>(18,004)</u>	<u>6,480</u>	<u>103,972</u>	<u>(42,785)</u>	<u>(91,009)</u>	<u>(6,900)</u>
Cash and investments - ending	<u>\$ 1,683,395</u>	<u>\$ 982,454</u>	<u>\$ 18,442</u>	<u>\$ 645,625</u>	<u>\$ 251,058</u>	<u>\$ 112,484</u>	<u>\$ 820,863</u>	<u>\$ 63,763</u>	<u>\$ -</u>

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

	Levy Excess	IAHPERD Grant	Scholarships and Awards	Donations and Bequests	White County Award	Partners Drug Free Grant	Gifted/ Talented 2008-2009	Principal Leadership Academy	Adult and Continuing Education
Cash and investments - beginning	\$ 35,990	\$ 113	\$ 120	\$ 12,346	\$ 85	\$ 1,179	\$ 17	\$ 17,772	\$ (7,086)
Receipts:									
Local sources	-	-	-	6,494	-	1,100	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	27,649	70,204	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6,494	-	1,100	-	27,649	70,204
Disbursements:									
Instruction	-	-	-	7,014	-	2,279	-	38,031	61,167
Support services	-	-	-	-	-	-	-	983	1,765
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	7,014	-	2,279	-	39,014	62,932
Excess (deficiency) of receipts over disbursements	-	-	-	(520)	-	(1,179)	-	(11,365)	7,272
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	4,936
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	4,936
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(520)	-	(1,179)	-	(11,365)	12,208
Cash and investments - ending	<u>\$ 35,990</u>	<u>\$ 113</u>	<u>\$ 120</u>	<u>\$ 11,826</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 6,407</u>	<u>\$ 5,122</u>

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

	Adult Education AD	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Indiana Graduation Rate Performance Award	Title I 08/09	Title I 11/12 & 12/13	Title I Migrant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ -	\$ 42	\$ 1,975	\$ 2,670	\$ 879	\$ 99	\$ (12,739)	\$ (1,156)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	13,632	2,748	-	-	-	-	-
Federal sources	-	-	-	-	-	-	191,351	38,470	61,610
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	13,632	2,748	-	-	191,351	38,470	61,610
Disbursements:									
Instruction	-	-	13,992	-	-	-	187,580	40,034	61,490
Support services	-	-	-	4,694	-	-	4,851	500	120
Noninstructional services	-	-	1,213	-	-	-	422	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	15,205	4,694	-	-	192,853	40,534	61,610
Excess (deficiency) of receipts over disbursements	-	-	(1,573)	(1,946)	-	-	(1,502)	(2,064)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,573)	(1,946)	-	-	(1,502)	(2,064)	-
Cash and investments - ending	\$ -	\$ 42	\$ 402	\$ 724	\$ 879	\$ 99	\$ (14,241)	\$ (3,220)	\$ -

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

	Adult Ed. Prof. Deve	Adult Education	Improving Teaching Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - Language Instruction	Clearing Fund	Extra Curricular Wages	Totals
Cash and investments - beginning	\$ -	\$ (3,191)	\$ (4,545)	\$ -	\$ (2,784)	\$ 25,066	\$ 416	\$ 4,802,149
Receipts:								
Local sources	-	-	-	-	-	-	-	3,862,188
Intermediate sources	-	-	-	-	-	-	-	535
State sources	-	-	-	-	-	-	-	6,042,990
Federal sources	-	44,050	25,504	-	16,067	-	-	675,654
Other receipts	-	-	-	-	-	1,640,334	1,663	1,641,997
Total receipts	-	44,050	25,504	-	16,067	1,640,334	1,663	12,223,364
Disbursements:								
Instruction	-	29,641	-	-	11,521	-	-	4,498,467
Support services	-	8,329	22,230	-	2,675	-	-	3,410,835
Noninstructional services	-	-	-	-	-	-	-	614,529
Facilities acquisition and construction	-	-	-	-	-	-	-	653,762
Debt service	-	-	-	-	-	-	-	1,570,506
Nonprogrammed charges	-	-	-	-	-	1,650,480	1,538	1,652,018
Total disbursements	-	37,970	22,230	-	14,196	1,650,480	1,538	12,400,117
Excess (deficiency) of receipts over disbursements	-	6,080	3,274	-	1,871	(10,146)	125	(176,753)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	13,219
Transfers in	-	-	-	-	-	-	-	36,189
Transfers out	-	-	-	-	-	-	-	(36,189)
Total other financing sources (uses)	-	-	-	-	-	-	-	13,219
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,080	3,274	-	1,871	(10,146)	125	(163,534)
Cash and investments - ending	\$ -	\$ 2,889	\$ (1,271)	\$ -	\$ (913)	\$ 14,920	\$ 541	\$ 4,638,615

NORTH WHITE SCHOOL CORPORATION
 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	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,683,395	\$ 982,454	\$ 18,442	\$ 645,625	\$ 251,058	\$ 112,484	\$ 820,863	\$ 63,763	\$ -
Receipts:									
Local sources	16,370	1,056,604	182,997	1,207,250	773,434	126,208	-	120,685	20,915
Intermediate sources	516	-	-	-	-	-	-	-	-
State sources	5,705,457	-	-	462	1,969	-	-	2,976	46,092
Federal sources	-	-	-	-	-	-	-	376,983	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>5,722,343</u>	<u>1,056,604</u>	<u>182,997</u>	<u>1,207,712</u>	<u>775,403</u>	<u>126,208</u>	<u>-</u>	<u>500,644</u>	<u>67,007</u>
Disbursements:									
Instruction	3,489,391	-	-	-	-	-	-	14,394	-
Support services	1,979,008	-	-	553,957	695,884	50,942	4,936	1,081	25,176
Noninstructional services	130,047	-	-	-	-	-	-	508,774	-
Facilities acquisition and construction	-	-	-	575,793	-	-	-	-	-
Debt service	-	1,394,000	179,780	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>5,598,446</u>	<u>1,394,000</u>	<u>179,780</u>	<u>1,129,750</u>	<u>695,884</u>	<u>50,942</u>	<u>4,936</u>	<u>524,249</u>	<u>25,176</u>
Excess (deficiency) of receipts over disbursements	<u>123,897</u>	<u>(337,396)</u>	<u>3,217</u>	<u>77,962</u>	<u>79,519</u>	<u>75,266</u>	<u>(4,936)</u>	<u>(23,605)</u>	<u>41,831</u>
Other financing sources (uses):									
Sale of capital assets	42,600	-	-	-	-	-	-	960	-
Transfers in	540	-	-	-	35,990	-	36,189	-	17,010
Transfers out	-	(17,010)	-	-	-	-	-	-	(31,253)
Total other financing sources (uses)	<u>43,140</u>	<u>(17,010)</u>	<u>-</u>	<u>-</u>	<u>35,990</u>	<u>-</u>	<u>36,189</u>	<u>960</u>	<u>(14,243)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>167,037</u>	<u>(354,406)</u>	<u>3,217</u>	<u>77,962</u>	<u>115,509</u>	<u>75,266</u>	<u>31,253</u>	<u>(22,645)</u>	<u>27,588</u>
Cash and investments - ending	<u>\$ 1,850,432</u>	<u>\$ 628,048</u>	<u>\$ 21,659</u>	<u>\$ 723,587</u>	<u>\$ 366,567</u>	<u>\$ 187,750</u>	<u>\$ 852,116</u>	<u>\$ 41,118</u>	<u>\$ 27,588</u>

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Levy Excess	IAHPERD Grant	Scholarships and Awards	Donations and Bequests	White County Award	Partners Drug Free Grant	Gifted/ Talented 2008-2009	Principal Leadership Academy	Adult and Continuing Education
Cash and investments - beginning	\$ 35,990	\$ 113	\$ 120	\$ 11,826	\$ 85	\$ -	\$ 17	\$ 6,407	\$ 5,122
Receipts:									
Local sources	210	-	-	9,043	-	1,700	-	-	4,936
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	27,500	-	42,906
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	<u>210</u>	<u>-</u>	<u>-</u>	<u>9,043</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>27,500</u>	<u>47,842</u>
Disbursements:									
Instruction	-	-	-	11,290	-	1,700	-	22,411	57,663
Support services	-	-	-	-	-	-	-	1,435	2,394
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,290</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>23,846</u>	<u>60,057</u>
Excess (deficiency) of receipts over disbursements	<u>210</u>	<u>-</u>	<u>-</u>	<u>(2,247)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,654</u>	<u>(12,215)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(35,990)</u>	<u>-</u>	<u>-</u>	<u>(540)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,936)</u>
Total other financing sources (uses)	<u>(35,990)</u>	<u>-</u>	<u>-</u>	<u>(540)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,936)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(35,780)</u>	<u>-</u>	<u>-</u>	<u>(2,787)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,654</u>	<u>(17,151)</u>
Cash and investments - ending	<u>\$ 210</u>	<u>\$ 113</u>	<u>\$ 120</u>	<u>\$ 9,039</u>	<u>\$ 85</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 10,061</u>	<u>\$ (12,029)</u>

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Adult Education AD	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Indiana Graduation Rate Performance Award	Title I 08/09	Title I 11/12 & 12/13	Title I Migrant	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ -	\$ 42	\$ 402	\$ 724	\$ 879	\$ 99	\$ (14,241)	\$ (3,220)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	4,123	-	14,133	3,147	-	-	-	-	-
Federal sources	-	-	-	-	-	-	161,573	33,065	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	4,123	-	14,133	3,147	-	-	161,573	33,065	-
Disbursements:									
Instruction	4,251	-	12,189	-	-	-	160,353	30,744	-
Support services	-	-	-	954	-	-	3,456	-	-
Noninstructional services	-	-	440	-	-	-	146	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,251	-	12,629	954	-	-	163,955	30,744	-
Excess (deficiency) of receipts over disbursements	(128)	-	1,504	2,193	-	-	(2,382)	2,321	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(128)	-	1,504	2,193	-	-	(2,382)	2,321	-
Cash and investments - ending	\$ (128)	\$ 42	\$ 1,906	\$ 2,917	\$ 879	\$ 99	\$ (16,623)	\$ (899)	\$ -

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2015
 (Continued)

	Adult Ed. Prof. Deve	Adult Education	Improving Teaching Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - Language Instruction	Clearing Fund	Extra Curricular Wages	Totals
Cash and investments - beginning	\$ -	\$ 2,889	\$ (1,271)	\$ -	\$ (913)	\$ 14,920	\$ 541	\$ 4,638,615
Receipts:								
Local sources	-	-	-	-	-	-	-	3,520,352
Intermediate sources	-	-	-	-	-	-	-	516
State sources	-	-	-	-	-	-	-	5,848,765
Federal sources	1,326	24,475	53,866	16,810	8,031	-	-	676,129
Other receipts	-	-	-	-	-	1,607,074	2,009	1,609,083
Total receipts	<u>1,326</u>	<u>24,475</u>	<u>53,866</u>	<u>16,810</u>	<u>8,031</u>	<u>1,607,074</u>	<u>2,009</u>	<u>11,654,845</u>
Disbursements:								
Instruction	1,641	23,216	4,862	-	8,311	-	-	3,842,416
Support services	-	6,985	50,728	-	-	-	-	3,376,936
Noninstructional services	-	-	-	-	-	-	-	639,407
Facilities acquisition and construction	-	-	-	16,810	-	-	-	592,603
Debt service	-	-	-	-	-	-	-	1,573,780
Nonprogrammed charges	-	-	-	-	-	1,601,963	2,366	1,604,329
Total disbursements	<u>1,641</u>	<u>30,201</u>	<u>55,590</u>	<u>16,810</u>	<u>8,311</u>	<u>1,601,963</u>	<u>2,366</u>	<u>11,629,471</u>
Excess (deficiency) of receipts over disbursements	<u>(315)</u>	<u>(5,726)</u>	<u>(1,724)</u>	<u>-</u>	<u>(280)</u>	<u>5,111</u>	<u>(357)</u>	<u>25,374</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	43,560
Transfers in	-	-	-	-	-	-	-	89,729
Transfers out	-	-	-	-	-	-	-	(89,729)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,560</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(315)</u>	<u>(5,726)</u>	<u>(1,724)</u>	<u>-</u>	<u>(280)</u>	<u>5,111</u>	<u>(357)</u>	<u>68,934</u>
Cash and investments - ending	<u>\$ (315)</u>	<u>\$ (2,837)</u>	<u>\$ (2,995)</u>	<u>\$ -</u>	<u>\$ (1,193)</u>	<u>\$ 20,031</u>	<u>\$ 184</u>	<u>\$ 4,707,549</u>

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NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 160,065</u>	<u>\$ -</u>

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
North White Elementary School Building Corporation	Improvements to School Corporation	\$ 791,500	6/30/2010	12/31/2016
North White School Building Corporation	Improvements to School Corporation	<u>605,000</u>	6/30/2005	12/31/2015
Total of annual lease payments		<u>\$ 455,226</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General Obligation Bond	Pension Bonds	\$ 255,000	\$ 181,348
Notes and Loans Payable	Energy Savings Loan	<u>200,226</u>	<u>204,228</u>
Totals		<u>\$ 455,226</u>	<u>\$ 385,576</u>

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 350,000
Buildings	14,044,556
Improvements other than buildings	2,448,895
Machinery, equipment, and vehicles	<u>2,495,773</u>
Total capital assets	<u>\$ 19,339,224</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE NORTH WHITE SCHOOL CORPORATION, WHITE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North White School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002, 2015-004, 2015-005, and 2015-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

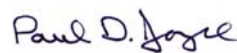
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over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

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

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 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007 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

June 1, 2017

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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.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

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 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY2014 FY2015	\$ - -	\$ 65,245 -	\$ - -	\$ - 82,654
Total - School Breakfast Program				-	65,245	-	82,654
National School Lunch Program							
National School Lunch Program - Commodities	Indiana Department of Education	10.555	FY2014 FY2015 FY2014 FY2015	- - - -	233,357 - 31,794 -	- - - -	- 294,329 - 32,559
Total - National School Lunch Program				-	265,151	-	326,888
Total - Child Nutrition Cluster				-	330,396	-	409,542
Total - Department of Agriculture				-	330,396	-	409,542
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Federal Technical Assistance Grant Part B	Indiana Department of Education	84.027	FY2014	-	2,380	-	3,098
FY 2014 Federal Part B 611 Grant			14214-051-PN01	-	187,674	-	53,118
FY 2015 Federal Part B 611 Grant			14215-051-PN01	-	-	-	192,914
Special Education Improvement			2013-2014	-	61,610	-	-
Total - Special Education_Grants to States				-	251,664	-	249,130
Special Education_Preschool Grants							
FY 14 Federal Part B 619 Grant	Indiana Department of Education	84.173	45714-051-PN01	-	4,581	-	1,646
FY 15 Federal Part B 619 Grant			45715-051-PN01	-	-	-	4,835
Total - Special Education_Preschool Grants				-	4,581	-	6,481
Total - Special Education Cluster (IDEA)				-	256,245	-	255,611
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010	2012-2013 2013-2014 2014-2015	- - -	53,907 137,444 -	- - -	- 36,962 124,612
Total - Title I Grants to Local Educational Agencies				-	191,351	-	161,574

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

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(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 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002	2012-2013 2013-2014 2014-2015	- - -	6,034 38,016 -	- - -	- - 25,801
Total - Adult Education - Basic Grant to States				-	44,050	-	25,801
Migrant Education_State Grant Program	Indiana Department of Education	84.011	2012-2013 2013-2014 2013-2015	- - -	7,584 30,886 -	- - -	- - 33,065
Total - Migrant Education_State Grant Program				-	38,470	-	33,065
Rural Education	Indiana Department of Education	84.358	2013-2015	-	-	-	16,810
English Language Acquisition State Grants	Indiana Department of Education	84.365	2012-2013 2013-2015 2013-2015	- - -	5,898 10,169 -	- - -	- - 8,031
Total - English Language Acquisition State Grants				-	16,067	-	8,031
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	2011-2012 2012-2013 2013-2014 2014-2015	- - - -	13,533 11,671 300 -	- - - -	- - 32,807 21,060
Total - Improving Teacher Quality State Grants				-	25,504	-	53,867
Total - Department of Education				-	571,687	-	554,759
Total federal awards expended				\$ -	\$ 902,083	\$ -	\$ 964,301

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

NORTH WHITE SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. 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.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

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 2015-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units, which is a financial reporting system and the source of information that was used to compile the Schedule of Expenditures of Federal Awards (SEFA). Due to the lack of controls, the following errors occurred on the SEFA:

1. The Special Education Cluster (IDEA) expenditures were understated by \$194,635 for the year ended June 30, 2014.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. The Child Nutrition Cluster expenditures were understated by \$31,794 and \$32,559, for the years ended June 30, 2014 and 2015, respectively.

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; . . .

- Accurate and timely recording of transactions. . . ."

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 § .310. . . ."

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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. . . ."

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 2015-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 2013-2014, 2014-2015

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 compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles requirements.

The School Corporation failed to comply with the Documentation of Employee Time and Effort section of the Allowable Costs/Cost Principles requirements. The School Corporation did not maintain Semi-Annual Certifications for the Title I employees during the second year of the audit period.

Context

The lack of controls and compliance was a systemic problem. There were no controls to ensure compliance and no required Semi-Annual Certifications were maintained for the second year of the audit period.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

OMB Circular A-87, Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

Cause

Management had not developed a system of internal controls that segregated key functions that would have ensured compliance with the Allowable Costs/Cost Principles requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation comply with the Allowable Costs/Cost Principles 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 2015-003 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

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): FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

NORTH WHITE SCHOOL CORPORATION
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 following compliance requirements: Cash Management, Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances (Net Cash Resources) were limited to the three months average expenditures in compliance with Cash Management requirements.

Eligibility

The School Corporation had not designed or implemented adequate policies or procedures to ensure that students' eligibility for free and reduced price lunches was properly determined.

Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure that required reports were completed accurately. There was no documentation of a review of the Annual Financial Report or of the School Food Authority (SFA) Verification Collection Reports before submission.

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the applications for free and reduced price lunches were verified in compliance with program requirements. There was no evidence of a review of the verifications.

Context

The lack of controls was a systemic problem. There were no documented internal controls for these compliance requirements 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. . . ."

Cause

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

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 compliance requirements and could have allowed the misuse and mismanagement of federal funds and assets by not having the 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 compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2015-004 - SUSPENSION AND DEBARMENT

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): FY2014, FY2015

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 compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. There were no controls to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not comply with the suspension and debarment requirements. The U.S. Department of Agriculture required the School Corporation to verify that awarded contracts exceeding \$25,000 were not with suspended or debarred entities. The School Corporation failed to provide evidence that a search of the Excluded Parties List Systems through the System of Award Manager Center at www.sam.gov was conducted, that certification from the entity was collected, or that a clause or condition was added to the contract.

Context

This was a systemic problem. The School Corporation had a lack of internal controls and did not comply with the suspension and debarment requirements throughout the audit period.

Criteria

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

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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 180.300 states:

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

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

Cause

Management had not developed a system of internal controls that segregated key functions related to the Procurement and Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. We also recommended that the School Corporation comply with the Procurement and Suspension and Debarment 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 2015-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

NORTH WHITE SCHOOL CORPORATION
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 the Special Tests and Provisions - Paid Lunch Equity Requirements. The School Corporation had not designed or implemented adequate policies and procedures to ensure that their lunch prices were calculated in accordance with the Special Tests and Provisions - Paid Lunch Equity requirements.

The School Corporation did not perform the calculations to ensure that the lunch prices charged were in accordance with Special Test and Provisions - Paid Lunch Equity requirements.

Context

This was a systemic problem. The School Corporation had a lack of internal controls and did not comply with the Special Tests and Provisions - Paid Lunch Equity requirements for both years of 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. . . ."

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 changed 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. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

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 Special Tests and Provisions - Paid Lunch Equity compliance requirement. We also recommended that the School Corporation's management comply with the Special Tests and Provisions - Paid Lunch Equity Requirements.

Views of Responsible Officials

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

FINDING 2015-006 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, 14214-051-PN01,
14215-051-PN01, 2013-2014,
45714-051-PN01, 45715-051-PN01

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 compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not comply with the suspension and debarment requirements. The U.S. Department of Agriculture required the School Corporation to verify that awarded contracts exceeding \$25,000 were not with suspended or debarred entities. The School Corporation failed to provide evidence that a search of the Excluded Parties List Systems through the System of Award Manager Center at www.sam.gov was conducted; that certification from the entity was collected, or that a clause or condition was added to the contract.

Context

This was a systemic problem. The School Corporation had a lack of internal controls and did not comply with the suspension and debarment requirements for both years of the audit period.

Criteria

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

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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 180.300 states:

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

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

Cause

Management had not developed a system of internal controls that segregated key functions related to the Procurement and Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. We also recommended that the School Corporation comply with the Procurement and Suspension and Debarment 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 2015-007 - REPORTING AND PROCUREMENT

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, 14214-051-PN01,
14215-051-PN01, 2013-2014,
45714-051-PN01, 45715-051-PN01

Pass-Through Entity: Indiana Department of Education

NORTH WHITE SCHOOL CORPORATION
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 reporting and procurement requirements.

Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure that required reports were completed accurately. There was no documented review of the Final Expenditure Report prior to submission.

Procurement

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with procurement requirements. The Special Education Cooperative's Director contracted with occupational therapists without oversight from the School Corporation's governing board.

Context

This was a systemic problem. The School Corporation had a lack of internal controls over the reporting and procurement requirements 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. . . ."

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 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 reporting and procurement requirements.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



NORTH WHITE SCHOOL CORPORATION

Dr. Teresa L. Gremaux- Superintendent
Mr. W. Dean Cook -Dir of Trans/Bdgs/Grnds
Mrs. Shellie Ruemler-Treasurer

402 E Broadway St – Monon, Indiana 47959 – (219) 253-6618 – Fax (219) 253-6488

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Status of Audit Finding:

FINDING 2013-002-Internal Controls over Matching Level of Effort, and Earmarking, and Special Tests and Provisions – Highly Qualified Teachers and Paraprofessionals – Title I Grants to Local Educational Agencies

Fiscal years in which the finding initially occurred: 7/1/11 – 6/30/13

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Shellie Ruemler, Treasurer

Contact Phone Number 219-253-6618

Status of Audit Finding:

The Title I grant administrator worked with the Building Principals, Superintendent and Treasurer to document signatures for purchasing, time card recording, building-level purchases and accuracy of the Form 9. The Title I grant administrator worked with building principals to make sure all para-professionals working in a Title I capacity met the requirements of HQ within the appropriate amount of time from their hire date.

FINDING 2013-003 – Internal Controls over Eligibility – Child Nutrition Cluster

Fiscal years in which the finding initially occurred: 7/1/11 – 6/30/13

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Shellie Ruemler Treasurer

Contact Phone Number: 219/253-6618

Status of Audit Finding:

Because of training a new Cafeteria Director during this audit period, the new director did not realize to have another person also check over her determination of approved or denied of Free and Reduced lunch applications, but started this practice in August of 2016.

FINDING 2013-004 – Internal Controls Over Reporting – Child Nutrition Cluster

Fiscal years in which the finding initially occurred: 7/1/11 – 6/30/13

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Shellie Ruemler, Treasurer

Contact Phone Number: 219-253-6618

Status of Audit Finding:

Although the Cafeteria Director consults with the corporation treasurer to make certain the cafeteria annual financial report balance to the corporation cafeteria fund balance, the corporation treasurer is not physically documenting this review.

Shellie Ruemler

Signature
Treasurer

Title
5-3-17

Date



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CORRECTIVE ACTION PLAN

FINDING 2015-001 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Auditee Contact Person: Shellie Ruemler
Title of Contact Person: Treasurer
Phone Number: 219/253-6618
Expected Completion Date: June 1, 2017

Corrective Action Planned

Preparing the Schedule of Expenditures of Federal Awards (SEFA): After preparing the SEFA report, the Corporation Treasurer will have the Corporation Deputy Treasurer verify the report and all of the financial information that the Corporation Treasurer used to compile the SEFA.

FINDING 2015-002- ALLOWABLE COST/COST PRINCIPLES

Contact Person Responsible for Corrective Action: Jenny Cassel, Grant Director/Manager
Contact Phone Number: 219-253-6638
Expected Completion Date: June 1, 2017

The North White School Corporation's Grant Manager will ensure that semi-annual certifications for Title I employees are completed and signed by the supervising principal at the appropriate intervals. The forms will be kept with all other required Title I documentation. North White School Corporation no longer has split funded employees, however in the future if that changes, the Grant Manager will ensure that Time and Effort Documentation is completed by the employee and signed by the supervising principal on a monthly basis. The forms will be kept with all other Title I documentation,

FINDING 2015-003 – INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Contact Person Responsible for Corrective Action: Anita Messer, Food Service Director
Contact Phone Number: 219-253-6638
Expected Completion Date: June 1, 2017



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Cash Management

The Corporation Treasurer will give the Food Service Director monthly reports of expenditures, receipts and cash balances. The Food Service Director will compile those figures into a spread sheet that will allow the Food Service Director to monitor the 3 month average expenditure balance to the ending cash balance. The Food Service Director will have a plan in place in the event that the 3 month expenditure balance would exceed the cash balance.

Eligibility

The Food Service Director will ensure that every 10th Free & Reduced meal application will be verified by a cafeteria manager.

Reporting

The Food Service Director will ensure that the Corporation Treasurer will be given a copy of the Annual Financial Report and the Corporation Treasurer will verify if for accuracy. The cafeteria manager will be given a copy of the Verification Summary report to verify for accuracy.

Special Tests and Provisions – Verification

The Food Service Director will ensure that a cafeteria manager also reviews all Free and Reduced applications that have been through the verification process for accuracy.

FINDING 2015-004- SUSPENSION AND DEBARMENT

Contact Person Responsible for Corrective Action: Anita Messer, Food Service Director

Contact Phone Number: 219-253-6638

Expected Completion Date: June 1,2017

The Food Service Director will ensure that all venders provide proof of status with Suspension & Debarment.

FINDING 2015-005 – SPECIAL TEST AND PROVISIONS – PAID LUNCH EQUITY

Contact Person Responsible for Corrective Action: Anita Messer, Food Service Director

Contact Phone Number: 219-253-6638

Expected Completion Date: June 1, 2017



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The Food Service Director will ensure that the Paid Lunch Equity tool provided by the IDOE will be completed annually and a cafeteria manager will verify the procedure for accuracy.

FINDING 2015-006 – SUSPENSION AND DEBARMENT

Contact Person Responsible for Corrective Action: Dr. Teresa Gremaux, Superintendent and Shellie Ruemler, Treasurer

Contact Phone Number: 219-253-6618

Expected Completion Date: June 1,2017

During this audit period, Cooperative School Services LEA was West Central School Corporation. As of July 1, 2016, the LEA of Cooperative School Services was transferred to Rensselaer Central Schools. North White School Corporation will work with Cooperative School Services to implement an internal control system to ensure compliance with requirements related to the grant agreement and the Procurement compliance requirements are met.

FINDING 2016-007 – REPORTING AND PROCUREMENT

Contact Person Responsible for Corrective Action: Dr. Teresa Gremaux, Superintendent and Shellie Ruemler, Treasurer

Contact Phone Number: 219-253-6618

Expected Completion Date: June 1, 2017

Reporting

During this audit period, Cooperative School Services LEA was West Central School Corporation. As of July 1, 2016, the LEA of Cooperative School Services was transferred to Rensselaer Central Schools. North White School Corporation will work with Cooperative School Services to implement procedures to ensure compliance requirements related to the grant agreement and the reporting compliance requirements are met.

Procurement

During this audit period, Cooperative School Services LEA was West Central School Corporation. As of July 1, 2016, the LEA of Cooperative School Services was transferred to Rensselaer Central Schools.



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North White School Corporation will work with Cooperative School Services to implement procedures to ensure compliance requirements related to the grant agreement and the reporting compliance requirements are met.

Anticipated Completion Date: June 1, 2017

Shellie Ruemler
(Signature)

Treasurer
(Title)

6-1-17
(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/>.