

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTHWESTERN CONSOLIDATED
SCHOOL DISTRICT OF SHELBY COUNTY
SHELBY COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/27/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura Mullen	10-01-12 to 12-31-17
Superintendent of Schools	Dr. Shane Robbins Chris Hoke	07-01-12 to 06-30-15 07-01-15 to 12-31-17
President of the School Board	John Merlau Ken Polston	07-01-11 to 01-13-15 01-13-15 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTHWESTERN CONSOLIDATED SCHOOL
DISTRICT OF SHELBY COUNTY, SHELBY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Northwestern Consolidated School District of Shelby County (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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 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

August 29, 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 NORTHWESTERN CONSOLIDATED SCHOOL
DISTRICT OF SHELBY COUNTY, SHELBY 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 Northwestern Consolidated School District of Shelby County (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 August 29, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Northwestern Consolidated School District of Shelby County'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

August 29, 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.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,261,590	\$ 8,454,857	\$ 8,455,279	\$ -	\$ 1,261,168	\$ 8,470,440	\$ 8,421,287	\$ -	\$ 1,310,321
Debt Service	1,016,210	1,816,934	1,788,615	570	1,045,099	2,037,686	1,826,667	(44)	1,256,074
Retirement/Severance Bond Debt Service	37,715	114,897	72,335	-	80,277	124,952	122,082	-	83,147
Capital Projects	521,724	1,332,308	1,417,415	397	437,014	1,673,930	1,320,728	1,994	792,210
School Transportation	493,705	855,936	764,860	(11,204)	573,577	793,708	843,552	(149,945)	373,788
School Bus Replacement	177,287	195,504	215,240	(24,926)	132,625	202,956	223,273	1,200	113,508
Rainy Day	49,265	-	-	75,000	124,265	-	50,000	150,000	224,265
Retirement/Severance Bond	27,955	-	-	-	27,955	-	8,500	-	19,455
2004 Construction Fund	-	-	-	-	-	40,111	32,707	-	7,404
2010 Phase 2 Construction	6,859	-	6,859	-	-	-	-	-	-
2012 Construction Bond	109,836	-	109,836	-	-	-	-	-	-
2013 Bond	37,710	-	37,710	-	-	-	-	-	-
2015 Construction Bond/TMS-HS	-	-	-	-	-	-	-	870,000	870,000
School Lunch	97,196	651,439	583,542	(12,080)	153,013	656,831	703,583	-	106,261
Textbook Rental	220,861	155,667	185,724	-	190,804	164,718	237,778	-	117,744
Levy Excess	17,424	-	-	(17,424)	-	-	-	-	-
Joint Services and Supply - Other	38,418	92,565	94,946	-	36,037	97,097	128,963	-	4,171
Educational License Plates	266	131	-	-	397	131	60	-	468
Mendenhall Field	14,117	16,767	28,131	-	2,753	600	2,097	-	1,256
New Tech - Shelby Co TIF	414,324	2,033	262,961	-	153,396	2,559	154,646	-	1,309
CET Buddy Grant	4,289	-	4,289	-	-	-	-	-	-
Monsanto Grant	1,463	-	-	-	1,463	-	-	-	1,463
Triton Central Schools Fund	214	497	-	-	711	321	-	-	1,032
Instruction Support	-	406	406	-	-	-	-	-	-
TES Book Fair	-	-	-	-	-	4,532	2,474	-	2,058
TMS Book Fair	-	-	-	-	-	571	-	-	571
TCHS Book Fair	-	-	-	-	-	545	332	-	213
Blue River FDN Athletic Grant	1,000	1,000	15	-	1,985	1,000	-	-	2,985
Todd Welty FFA Memorial Fund	-	-	-	-	-	12,471	-	-	12,471
Blue River Foundation Lego Grant	215	-	214	-	1	-	1	-	-
IASP Mini Grant	-	-	-	-	-	250	250	-	-
Blue River FDN Grants/TMS	-	-	-	-	-	800	500	-	300
Fuel Up to Play Grant 11/12	-	-	-	-	-	-	-	-	-
NFL Play 60 Super School Grant	4,295	-	2,700	-	1,595	-	-	-	1,595
TMS Fuel Up to Play Grant 2013	-	10,000	-	-	10,000	-	9,953	-	47
Wellness Initiative Grant	-	1,060	1,031	-	29	982	991	-	20
Generation On Grant	-	500	500	-	-	1,250	1,151	-	99
Blue River FDN - TC Archers	-	-	-	-	-	4,380	3,000	-	1,380
Blue River FDN-Arts Grant - TES	-	-	-	-	-	5,000	5,000	-	-
Pepsi Clearing Account	-	4,300	4,300	-	-	4,243	4,243	-	-
Answers for Autism Grant 2013	1,302	-	-	-	1,302	-	-	-	1,302
G/T High Ability 12/13	-	-	-	-	-	-	-	-	-

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015
(Continued)

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
Education Technology	(44,400)	129,800	85,400	-	-	-	-	-	-
Ed Tech Advmmt A1769	-	-	52,722	-	(52,722)	52,722	-	-	-
Ed Tech Advmmt A1796	-	-	37,163	-	(37,163)	127,100	89,937	-	-
Ed Tech Advmmt A1901	-	-	-	-	-	1,400	1,400	-	-
TES Shelby Co Drug Free Grant	1,201	1,200	1,199	-	1,202	1,100	1,201	-	1,101
SADD/Shelby Co Drug Free Grant	-	750	-	-	750	-	-	-	750
TMS Shelby Co Drug Free Grant	-	-	-	-	-	2,000	535	-	1,465
G/T High Ability 11/12	-	-	-	-	-	-	-	-	-
High Ability Grant 2013-2014	-	29,987	29,957	-	30	-	30	-	-
High Ability 14-15	-	-	-	-	-	30,312	16,642	-	13,670
Medicaid Reimbursement	6,014	-	6,014	-	-	-	-	-	-
Secured Schools Safety Grant	-	-	-	-	-	31,500	31,500	-	-
FFA Community Service Grant/12	2,263	-	2,263	-	-	-	-	-	-
FFA Food for All Grant 2013	131	-	51	-	80	-	80	-	-
FFA Rural Youth Grant	273	-	-	-	273	-	273	-	-
FFA Rural Youth Grant 13/14	-	6,500	-	-	6,500	-	3,613	-	2,887
Arts in Education Grant 2012	-	-	-	-	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	892	-	-	-	892	-	-	-	892
School Technology	4,435	17,469	19,896	-	2,008	21,413	21,230	-	2,191
Blue River TCHS Tech Grant	1,000	1,000	-	-	2,000	1,000	1,998	-	1,002
Indiana School Academic Improvement Program (ISAIP)	207	-	-	-	207	-	163	-	44
School Age Child Care/Parents	25,096	41,615	42,483	-	24,228	48,302	50,566	-	21,964
Extended Day Kindergarten	4,313	-	4,313	-	-	-	-	-	-
Pre School	6,295	95,992	76,999	-	25,288	114,956	80,945	-	59,299
Excess PTRC Distributions	22,046	-	-	(22,046)	-	-	-	-	-
Title I 08/09	28	-	-	-	28	-	-	-	28
Title 1 2012-2013	(14,784)	18,541	3,757	-	-	-	-	-	-
Title 1 2013-2014	-	118,451	126,925	-	(8,474)	8,669	195	-	-
Title 1 2014-2015	-	-	-	-	-	108,141	128,501	-	(20,360)
Title V 2007/08	8	-	-	-	8	-	-	-	8
Spec Educ Impvmnt Grant 2013	(53,160)	70,000	16,840	-	-	-	-	-	-
Title IIA 2009	-	-	-	-	-	-	-	-	-
Title II Part A 11/13 Grant	(2,151)	9,813	7,662	-	-	-	-	-	-
Title II Part A 12/14 Grant	(7,627)	33,012	25,385	-	-	-	-	-	-
Title II Part A 2013-2015	-	18,162	25,655	-	(7,493)	21,451	13,958	-	-
Title II 2014-2016	-	-	-	-	-	5,893	13,388	-	(7,495)
Education Jobs	-	-	-	-	-	-	-	-	-
Cafeteria Clearing Account	-	333,408	336,031	12,080	9,457	329,822	330,817	-	8,462
Bank Card Clearing Account	-	-	-	-	-	17,603	17,970	-	(367)
Payroll Withholding	23,763	2,082,434	2,097,433	-	8,764	1,993,351	1,955,419	-	46,696
Totals	\$ 4,531,083	\$ 16,714,935	\$ 17,035,056	\$ 367	\$ 4,211,329	\$ 17,218,799	\$ 16,864,179	\$ 873,205	\$ 5,439,154

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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.

Temporary loans. Amounts received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursement grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 or 2015.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Northwestern Consolidated School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$1,249,110 and \$1,495,923, respectively.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

In June of 2016, the School Corporation issued \$1,890,000 AD Valorem Property Tax First Mortgage Bonds, Series 2016. The proceeds from the sale of the bonds will be used for: (a) renovation of and improvements to Triton Central Elementary School (the "Project") and (b) the payment of the costs of issuance of the bonds, including underwriter's discount. The interest rate is 3 percent.

In May of 2017, the School Corporation issue \$1,820,000 Ad Valorem Property Tax First Mortgage Bonds, Series 2017. The proceeds from the sale of the bonds will be used for: (a) the renovation of and improvements to the Triton Central High School campus, including site improvements, physical education facility improvements, and (b) transportation center improvements. The interest rate is 2.880516 percent.

In April of 2017, the School Corporation signed a contract with the Northwest Shelby County Regional Sewer District to lease the School Corporation's sewage plant for ninety-nine years.

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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.

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NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	2004 Construction Fund	2010 Phase 2 Construction	2012 Construction Bond
Cash and investments - beginning	\$ 1,261,590	\$ 1,016,210	\$ 37,715	\$ 521,724	\$ 493,705	\$ 177,287	\$ 49,265	\$ 27,955	\$ -	\$ 6,859	\$ 109,836
Receipts:											
Local sources	40,145	1,816,934	114,897	929,993	741,771	195,504	-	-	-	-	-
Intermediate sources	11	-	-	-	-	-	-	-	-	-	-
State sources	8,403,594	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	398,086	92,892	-	-	-	-	-	-
Other receipts	11,107	-	-	4,229	21,273	-	-	-	-	-	-
Total receipts	8,454,857	1,816,934	114,897	1,332,308	855,936	195,504	-	-	-	-	-
Disbursements:											
Instruction	5,495,641	-	-	-	-	-	-	-	-	-	-
Support services	2,796,317	-	-	677,736	726,204	215,240	-	-	-	-	-
Noninstructional services	163,321	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	498,861	38,656	-	-	-	-	6,859	109,836
Debt service	-	1,788,615	72,335	240,818	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,455,279	1,788,615	72,335	1,417,415	764,860	215,240	-	-	-	6,859	109,836
Excess (deficiency) of receipts over disbursements	(422)	28,319	42,562	(85,107)	91,076	(19,736)	-	-	-	(6,859)	(109,836)
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	367	-	-	-	-	-	-
Transfers in	-	570	-	397	38,429	74	75,000	-	-	-	-
Transfers out	-	-	-	-	(50,000)	(25,000)	-	-	-	-	-
Total other financing sources (uses)	-	570	-	397	(11,204)	(24,926)	75,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(422)	28,889	42,562	(84,710)	79,872	(44,662)	75,000	-	-	(6,859)	(109,836)
Cash and investments - ending	\$ 1,261,168	\$ 1,045,099	\$ 80,277	\$ 437,014	\$ 573,577	\$ 132,625	\$ 124,265	\$ 27,955	\$ -	\$ -	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	2013 Bond	2015 Construction Bond/ TMS-HS	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Other	Educational License Plates	Mendenhall Field	New Tech - Shelby Co TIF	CET Buddy Grant	Monsanto Grant
Cash and investments - beginning	\$ 37,710	\$ -	\$ 97,196	\$ 220,861	\$ 17,424	\$ 38,418	\$ 266	\$ 14,117	\$ 414,324	\$ 4,289	\$ 1,463
Receipts:											
Local sources	-	-	338,385	116,451	-	92,565	-	16,217	2,033	-	-
Intermediate sources	-	-	-	-	-	-	131	-	-	-	-
State sources	-	-	7,901	38,516	-	-	-	-	-	-	-
Federal sources	-	-	304,303	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	850	700	-	-	-	550	-	-	-
Total receipts	-	-	651,439	155,667	-	92,565	131	16,767	2,033	-	-
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	4,289	-
Support services	-	-	933	185,724	-	94,946	-	550	262,961	-	-
Noninstructional services	-	-	582,609	-	-	-	-	27,581	-	-	-
Facilities acquisition and construction	37,710	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	37,710	-	583,542	185,724	-	94,946	-	28,131	262,961	4,289	-
Excess (deficiency) of receipts over disbursements	(37,710)	-	67,897	(30,057)	-	(2,381)	131	(11,364)	(260,928)	(4,289)	-
Other financing sources (uses):											
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(12,080)	-	(17,424)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(12,080)	-	(17,424)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,710)	-	55,817	(30,057)	(17,424)	(2,381)	131	(11,364)	(260,928)	(4,289)	-
Cash and investments - ending	\$ -	\$ -	\$ 153,013	\$ 190,804	\$ -	\$ 36,037	\$ 397	\$ 2,753	\$ 153,396	\$ -	\$ 1,463

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Triton Central Schools Fund	Instruction Support	TES Book Fair	TMS Book Fair	TCHS Book Fair	Blue River FDN Athletic Grant	Todd Welty FFA Memorial Fund	Blue River Foundation Lego Grant	IASP Mini Grant	Blue River FDN Grants/ TMS	Fuel Up to Play Grant 11/12
Cash and investments - beginning	\$ 214	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 215	\$ -	\$ -	\$ -
Receipts:											
Local sources	497	406	-	-	-	1,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	497	406	-	-	-	1,000	-	-	-	-	-
Disbursements:											
Instruction	-	406	-	-	-	15	-	214	-	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	406	-	-	-	15	-	214	-	-	-
Excess (deficiency) of receipts over disbursements	497	-	-	-	-	985	-	(214)	-	-	-
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	497	-	-	-	-	985	-	(214)	-	-	-
Cash and investments - ending	\$ 711	\$ -	\$ -	\$ -	\$ -	\$ 1,985	\$ -	\$ 1	\$ -	\$ -	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	NFL Play 60 Super School Grant	TMS Fuel Up to Play Grant 2013	Wellness Initiative Grant	Generation On Grant	Blue River FDN - TC Archers	Blue River FDN- Arts Grant - TES	Pepsi Clearing Account	Answers for Autism Grant 2013	G/T High Ability Grant 12/13	Education Technology
Cash and investments - beginning	\$ 4,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,302	\$ -	\$ (44,400)
Receipts:										
Local sources	-	10,000	1,060	500	-	-	4,300	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	129,800
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	10,000	1,060	500	-	-	4,300	-	-	129,800
Disbursements:										
Instruction	2,700	-	-	500	-	-	-	-	-	-
Support services	-	-	1,031	-	-	-	4,300	-	-	85,400
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,700	-	1,031	500	-	-	4,300	-	-	85,400
Excess (deficiency) of receipts over disbursements	(2,700)	10,000	29	-	-	-	-	-	-	44,400
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,700)	10,000	29	-	-	-	-	-	-	44,400
Cash and investments - ending	\$ 1,595	\$ 10,000	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ 1,302	\$ -	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Ed Tech Advnmnt A1769	Ed Tech Advnmnt A1796	Ed Tech Advnmnt A1901	TES Shelby Co Drug Free Grant	SADD/ Shelby Co Drug Free Grant	TMS Shelby Co Drug Free Grant	G/T High Ability 11/12	High Ability Grant 2013-2014	High Ability 14-15	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,014
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	1,200	750	-	-	29,987	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	1,200	750	-	-	29,987	-	-
Disbursements:										
Instruction	-	-	-	1,199	-	-	-	29,957	-	6,014
Support services	52,722	37,163	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	52,722	37,163	-	1,199	-	-	-	29,957	-	6,014
Excess (deficiency) of receipts over disbursements	(52,722)	(37,163)	-	1	750	-	-	30	-	(6,014)
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	(52,722)	(37,163)	-	1	750	-	-	30	-	(6,014)
Cash and investments - ending	\$ (52,722)	\$ (37,163)	\$ -	\$ 1,202	\$ 750	\$ -	\$ -	\$ 30	\$ -	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Secured Schools Safety Grant	FFA Community Service Grant/12	FFA Food for All Grant 2013	FFA Rural Youth Grant	FFA Rural Youth Grant 13/14	Arts in Education Grant 2012	Non-English Speaking Programs P.L. 273-1999	School Technology	Blue Rier TCHS Tech Grant	Indiana School Academic Improvement Program (ISAIP)
Cash and investments - beginning	\$ -	\$ 2,263	\$ 131	\$ 273	\$ -	\$ -	\$ 892	\$ 4,435	\$ 1,000	\$ 207
Receipts:										
Local sources	-	-	-	-	6,500	-	-	17,469	1,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	6,500	-	-	17,469	1,000	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	19,896	-	-
Noninstructional services	-	2,263	51	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,263	51	-	-	-	-	19,896	-	-
Excess (deficiency) of receipts over disbursements	-	(2,263)	(51)	-	6,500	-	-	(2,427)	1,000	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,263)	(51)	-	6,500	-	-	(2,427)	1,000	-
Cash and investments - ending	\$ -	\$ -	\$ 80	\$ 273	\$ 6,500	\$ -	\$ 892	\$ 2,008	\$ 2,000	\$ 207

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	School Age Child Care/ Parents	Extended Day Kindergarten	Pre School	Excess PTRC Distributions	Title I 08/09	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Title V 2007/08	Spec Educ Impvmt Grant 2013
Cash and investments - beginning	\$ 25,096	\$ 4,313	\$ 6,295	\$ 22,046	\$ 28	\$ (14,784)	\$ -	\$ -	\$ 8	\$ (53,160)
Receipts:										
Local sources	41,615	-	95,992	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	18,541	118,451	-	-	70,000
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	41,615	-	95,992	-	-	18,541	118,451	-	-	70,000
Disbursements:										
Instruction	-	-	-	-	-	3,757	121,427	-	-	16,840
Support services	-	-	-	-	-	-	5,222	-	-	-
Noninstructional services	42,483	4,313	76,999	-	-	-	276	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	42,483	4,313	76,999	-	-	3,757	126,925	-	-	16,840
Excess (deficiency) of receipts over disbursements	(868)	(4,313)	18,993	-	-	14,784	(8,474)	-	-	53,160
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(22,046)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(22,046)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(868)	(4,313)	18,993	(22,046)	-	14,784	(8,474)	-	-	53,160
Cash and investments - ending	\$ 24,228	\$ -	\$ 25,288	\$ -	\$ 28	\$ -	\$ (8,474)	\$ -	\$ 8	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title IIA 2009	Title II Part A 11/13 Grant	Title II Part A 12/14 Grant	Title II Part A 2013-2015	Title II 2014-2016	Education Jobs	Cafeteria Clearing Account	Bank Card Clearing Account	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ (2,151)	\$ (7,627)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,763	\$ 4,531,083
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	4,585,234
Intermediate sources	-	-	-	-	-	-	-	-	-	142
State sources	-	-	-	-	-	-	-	-	-	8,611,748
Federal sources	-	9,813	33,012	18,162	-	-	-	-	-	572,282
Temporary loans	-	-	-	-	-	-	-	-	-	490,978
Other receipts	-	-	-	-	-	-	333,408	-	2,082,434	2,454,551
Total receipts	-	9,813	33,012	18,162	-	-	333,408	-	2,082,434	16,714,935
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	5,682,959
Support services	-	7,662	25,385	25,655	-	-	-	-	-	5,225,047
Noninstructional services	-	-	-	-	-	-	-	-	-	899,896
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	691,922
Debt service	-	-	-	-	-	-	-	-	-	2,101,768
Nonprogrammed charges	-	-	-	-	-	-	336,031	-	2,097,433	2,433,464
Total disbursements	-	7,662	25,385	25,655	-	-	336,031	-	2,097,433	17,035,056
Excess (deficiency) of receipts over disbursements	-	2,151	7,627	(7,493)	-	-	(2,623)	-	(14,999)	(320,121)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	367
Transfers in	-	-	-	-	-	-	12,080	-	-	126,550
Transfers out	-	-	-	-	-	-	-	-	-	(126,550)
Total other financing sources (uses)	-	-	-	-	-	-	12,080	-	-	367
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,151	7,627	(7,493)	-	-	9,457	-	(14,999)	(319,754)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (7,493)	\$ -	\$ -	\$ 9,457	\$ -	\$ 8,764	\$ 4,211,329

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
 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	Retirement/ Severance Bond	2004 Construction Fund	2010 Phase 2 Construction	2012 Construction Bond
Cash and investments - beginning	\$ 1,261,168	\$ 1,045,099	\$ 80,277	\$ 437,014	\$ 573,577	\$ 132,625	\$ 124,265	\$ 27,955	\$ -	\$ -	\$ -
Receipts:											
Local sources	66,640	2,037,686	124,952	1,232,199	778,124	202,956	-	-	40,111	-	-
Intermediate sources	8	-	-	-	-	-	-	-	-	-	-
State sources	8,387,983	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	428,344	-	-	-	-	-	-	-
Other receipts	15,809	-	-	13,387	15,584	-	-	-	-	-	-
Total receipts	8,470,440	2,037,686	124,952	1,673,930	793,708	202,956	-	-	40,111	-	-
Disbursements:											
Instruction	5,268,120	-	-	-	-	-	-	-	-	-	-
Support services	2,991,861	-	-	482,197	749,878	223,273	50,000	8,500	-	-	-
Noninstructional services	159,501	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	628,020	782	-	-	-	32,707	-	-
Debt service	-	1,826,667	122,082	210,511	92,892	-	-	-	-	-	-
Nonprogrammed charges	1,805	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,421,287	1,826,667	122,082	1,320,728	843,552	223,273	50,000	8,500	32,707	-	-
Excess (deficiency) of receipts over disbursements	49,153	211,019	2,870	353,202	(49,844)	(20,317)	(50,000)	(8,500)	7,404	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	1,950	55	1,200	-	-	-	-	-
Transfers in	-	4,793	411	2,099	2,458	761	150,000	-	-	-	-
Transfers out	-	(4,837)	(411)	(2,055)	(152,458)	(761)	-	-	-	-	-
Total other financing sources (uses)	-	(44)	-	1,994	(149,945)	1,200	150,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,153	210,975	2,870	355,196	(199,789)	(19,117)	100,000	(8,500)	7,404	-	-
Cash and investments - ending	\$ 1,310,321	\$ 1,256,074	\$ 83,147	\$ 792,210	\$ 373,788	\$ 113,508	\$ 224,265	\$ 19,455	\$ 7,404	\$ -	\$ -

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

	2013 Bond	2015 Construction Bond/ TMS-HS	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply - Other	Educational License Plates	Mendenhall Field	New Tech - Shelby Co TIF	CET Buddy Grant	Monsanto Grant
Cash and investments - beginning	\$ -	\$ -	\$ 153,013	\$ 190,804	\$ -	\$ 36,037	\$ 397	\$ 2,753	\$ 153,396	\$ -	\$ 1,463
Receipts:											
Local sources	-	-	337,465	121,923	-	97,097	-	600	2,559	-	-
Intermediate sources	-	-	-	-	-	-	131	-	-	-	-
State sources	-	-	7,977	41,795	-	-	-	-	-	-	-
Federal sources	-	-	310,489	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	900	1,000	-	-	-	-	-	-	-
Total receipts	-	-	656,831	164,718	-	97,097	131	600	2,559	-	-
Disbursements:											
Instruction	-	-	-	-	-	-	-	-	-	-	-
Support services	-	-	900	237,778	-	128,963	60	-	154,646	-	-
Noninstructional services	-	-	702,167	-	-	-	-	2,097	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	516	-	-	-	-	-	-	-	-
Total disbursements	-	-	703,583	237,778	-	128,963	60	2,097	154,646	-	-
Excess (deficiency) of receipts over disbursements	-	-	(46,752)	(73,060)	-	(31,866)	71	(1,497)	(152,087)	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	870,000	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	10,522	-	-	-	-	-	-
Transfers out	-	-	-	-	(10,522)	-	-	-	-	-	-
Total other financing sources (uses)	-	870,000	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	870,000	(46,752)	(73,060)	-	(31,866)	71	(1,497)	(152,087)	-	-
Cash and investments - ending	\$ -	\$ 870,000	\$ 106,261	\$ 117,744	\$ -	\$ 4,171	\$ 468	\$ 1,256	\$ 1,309	\$ -	\$ 1,463

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

	Triton Central Schools Fund	Instruction Support	TES Book Fair	TMS Book Fair	TCHS Book Fair	Blue River FDN Athletic Grant	Todd Welty FFA Memorial Fund	Blue River Foundation Lego Grant	IASP Mini Grant	Blue River FDN Grants/ TMS	Fuel Up to Play Grant 11/12
Cash and investments - beginning	\$ 711	\$ -	\$ -	\$ -	\$ -	\$ 1,985	\$ -	\$ 1	\$ -	\$ -	\$ -
Receipts:											
Local sources	321	-	4,532	571	545	1,000	-	-	250	800	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	12,471	-	-	-	-
Total receipts	<u>321</u>	<u>-</u>	<u>4,532</u>	<u>571</u>	<u>545</u>	<u>1,000</u>	<u>12,471</u>	<u>-</u>	<u>250</u>	<u>800</u>	<u>-</u>
Disbursements:											
Instruction	-	-	-	-	332	-	-	1	250	500	-
Support services	-	-	2,474	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>2,474</u>	<u>-</u>	<u>332</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>250</u>	<u>500</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>321</u>	<u>-</u>	<u>2,058</u>	<u>571</u>	<u>213</u>	<u>1,000</u>	<u>12,471</u>	<u>(1)</u>	<u>-</u>	<u>300</u>	<u>-</u>
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>321</u>	<u>-</u>	<u>2,058</u>	<u>571</u>	<u>213</u>	<u>1,000</u>	<u>12,471</u>	<u>(1)</u>	<u>-</u>	<u>300</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,032</u>	<u>\$ -</u>	<u>\$ 2,058</u>	<u>\$ 571</u>	<u>\$ 213</u>	<u>\$ 2,985</u>	<u>\$ 12,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>

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

	NFL Play 60 Super School Grant	TMS Fuel Up to Play Grant 2013	Wellness Initiative Grant	Generation On Grant	Blue River FDN - TC Archers	Blue River FDN- Arts Grant - TES	Pepsi Clearing Account	Answers for Autism Grant 2013	G/T High Ability Grant 12/13	Education Technology
Cash and investments - beginning	\$ 1,595	\$ 10,000	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ 1,302	\$ -	\$ -
Receipts:										
Local sources	-	-	982	1,250	4,380	5,000	4,243	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	982	1,250	4,380	5,000	4,243	-	-	-
Disbursements:										
Instruction	-	9,953	-	1,151	-	-	-	-	-	-
Support services	-	-	991	-	3,000	5,000	4,243	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	9,953	991	1,151	3,000	5,000	4,243	-	-	-
Excess (deficiency) of receipts over disbursements	-	(9,953)	(9)	99	1,380	-	-	-	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,953)	(9)	99	1,380	-	-	-	-	-
Cash and investments - ending	\$ 1,595	\$ 47	\$ 20	\$ 99	\$ 1,380	\$ -	\$ -	\$ 1,302	\$ -	\$ -

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

	Ed Tech Advnmnt A1769	Ed Tech Advnmnt A1796	Ed Tech Advnmnt A1901	TES Shelby Co Drug Free Grant	SADD/ Shelby Co Drug Free Grant	TMS Shelby Co Drug Free Grant	G/T High Ability 11/12	High Ability Grant 2013-2014	High Ability 14-15	Medicaid Reimbursement
Cash and investments - beginning	\$ (52,722)	\$ (37,163)	\$ -	\$ 1,202	\$ 750	\$ -	\$ -	\$ 30	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	2,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	52,722	127,100	1,400	1,100	-	-	-	30,312	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	52,722	127,100	1,400	1,100	-	2,000	-	30,312	-	-
Disbursements:										
Instruction	-	-	-	1,201	-	535	-	30	16,642	-
Support services	-	89,937	1,400	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	89,937	1,400	1,201	-	535	-	30	16,642	-
Excess (deficiency) of receipts over disbursements	52,722	37,163	-	(101)	-	1,465	-	(30)	13,670	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	52,722	37,163	-	(101)	-	1,465	-	(30)	13,670	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,101	\$ 750	\$ 1,465	\$ -	\$ -	\$ 13,670	\$ -

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

	Secured Schools Safety Grant	FFA Community Service Grant/12	FFA Food for All Grant 2013	FFA Rural Youth Grant	FFA Rural Youth Grant 13/14	Arts in Education Grant 2012	Non-English Speaking Programs P.L. 273-1999	School Technology	Blue Rier TCHS Tech Grant	Indiana School Academic Improvement Program (ISAIP)
Cash and investments - beginning	\$ -	\$ -	\$ 80	\$ 273	\$ 6,500	\$ -	\$ 892	\$ 2,008	\$ 2,000	\$ 207
Receipts:										
Local sources	-	-	-	-	-	-	-	21,413	1,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	31,500	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	31,500	-	-	-	-	-	-	21,413	1,000	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	1,998	163
Support services	31,500	-	-	-	-	-	-	21,230	-	-
Noninstructional services	-	-	80	273	3,613	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	31,500	-	80	273	3,613	-	-	21,230	1,998	163
Excess (deficiency) of receipts over disbursements	-	-	(80)	(273)	(3,613)	-	-	183	(998)	(163)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(80)	(273)	(3,613)	-	-	183	(998)	(163)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 2,887	\$ -	\$ 892	\$ 2,191	\$ 1,002	\$ 44

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

	School Age Child Care/ Parents	Extended Day Kindergarten	Pre School	Excess PTRC Distributions	Title I 08/09	Title I 2012-2013	Title I 2013-2014	Title I 2014-2015	Title V 2007/08	Spec Educ Impvmt Grant 2013
Cash and investments - beginning	\$ 24,228	\$ -	\$ 25,288	\$ -	\$ 28	\$ -	\$ (8,474)	\$ -	\$ 8	\$ -
Receipts:										
Local sources	48,302	-	114,956	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	8,669	108,141	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	48,302	-	114,956	-	-	-	8,669	108,141	-	-
Disbursements:										
Instruction	-	-	-	-	-	-	190	124,327	-	-
Support services	-	-	-	-	-	-	-	4,174	-	-
Noninstructional services	50,566	-	80,945	-	-	-	5	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	50,566	-	80,945	-	-	-	195	128,501	-	-
Excess (deficiency) of receipts over disbursements	(2,264)	-	34,011	-	-	-	8,474	(20,360)	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,264)	-	34,011	-	-	-	8,474	(20,360)	-	-
Cash and investments - ending	\$ 21,964	\$ -	\$ 59,299	\$ -	\$ 28	\$ -	\$ -	\$ (20,360)	\$ 8	\$ -

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

	Title IIA 2009	Title II Part A 11/13 Grant	Title II Part A 12/14 Grant	Title II Part A 2013-2015	Title II 2014-2016	Education Jobs	Cafeteria Clearing Account	Bank Card Clearing Account	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (7,493)	\$ -	\$ -	\$ 9,457	\$ -	\$ 8,764	\$ 4,211,329
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	5,253,857
Intermediate sources	-	-	-	-	-	-	-	-	-	139
State sources	-	-	-	-	-	-	-	-	-	8,681,889
Federal sources	-	-	-	21,451	5,893	-	-	-	-	454,643
Temporary loans	-	-	-	-	-	-	-	-	-	428,344
Other receipts	-	-	-	-	-	-	329,822	17,603	1,993,351	2,399,927
Total receipts	-	-	-	21,451	5,893	-	329,822	17,603	1,993,351	17,218,799
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	5,425,393
Support services	-	-	-	13,958	13,388	-	-	-	-	5,219,351
Noninstructional services	-	-	-	-	-	-	-	-	-	999,247
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	661,509
Debt service	-	-	-	-	-	-	-	-	-	2,252,152
Nonprogrammed charges	-	-	-	-	-	-	330,817	17,970	1,955,419	2,306,527
Total disbursements	-	-	-	13,958	13,388	-	330,817	17,970	1,955,419	16,864,179
Excess (deficiency) of receipts over disbursements	-	-	-	7,493	(7,495)	-	(995)	(367)	37,932	354,620
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	870,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	3,205
Transfers in	-	-	-	-	-	-	-	-	-	171,044
Transfers out	-	-	-	-	-	-	-	-	-	(171,044)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	873,205
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	7,493	(7,495)	-	(995)	(367)	37,932	1,227,825
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (7,495)	\$ -	\$ 8,462	\$ (367)	\$ 46,696	\$ 5,439,154

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Key Government Finance	TES Ipad Lease	\$ 50,405	6/30/2013	12/30/2015
Key Government Finance	TES Computer Lease	32,191	8/1/2012	7/1/2017
Key Government Finance	TMS Computer Lease	25,679	6/8/2011	12/8/2015
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2006	230,000	1/15/2007	1/15/2018
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2010 QSCB	594,000	1/15/2011	1/15/2027
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2015	105,000	7/15/2016	1/15/2028
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2012	273,000	1/15/2013	1/15/2023
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2013	146,000	1/15/2014	1/15/2033
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2014	104,000	1/15/2015	7/15/2034
PNC Equipment Finance	TES Energy Contract	<u>73,539</u>	7/15/2006	1/15/2016
Total governmental activities		<u>1,633,814</u>		
Total of annual lease payments		<u>\$ 1,633,814</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds of 2009	\$ 1,025,000	\$ 269,673
General obligation bonds	School Severance Pension Bonds of 2003	430,000	122,041
Notes and loans payable	Common School Fund Loan	37,500	37,500
Notes and loans payable	Common School Tech Loan A1713	116,820	27,063
Notes and loans payable	Common School Tech Loan A1769	43,935	17,969
Notes and loans payable	Common School Tech Loan A1796	<u>114,390</u>	<u>26,500</u>
Total governmental activities		<u>1,767,645</u>	<u>500,746</u>
Totals		<u>\$ 1,767,645</u>	<u>\$ 500,746</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 NORTHWESTERN CONSOLIDATED SCHOOL
DISTRICT OF SHELBY COUNTY, SHELBY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Northwestern Consolidated School District of Shelby County'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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2015-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Procurement and Suspension and Debarment. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Child Nutrition Cluster regarding Procurement and Suspension and Debarment, described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on Special Education Cluster (IDEA)

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004. 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.

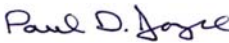
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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

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

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 2015-003, 2015-004, and 2015-005 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

August 29, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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	Total Federal Awards Expended 06-30-14	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	\$ 45,244	\$ -
			FY2015	-	53,269
				<u>45,244</u>	<u>53,269</u>
Total - School Breakfast Program					
National School Lunch Program					
	Indiana Department of Education	10.555			
			FY 2014	259,059	-
			FY 2015	-	257,220
			N/A	41,205	40,337
				<u>300,264</u>	<u>297,557</u>
Total - National School Lunch Program					
Total - Child Nutrition Cluster					
<u>345,508</u> <u>350,826</u>					
Total - Department of Agriculture					
<u>345,508</u> <u>350,826</u>					
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education_Grants to States					
	Indiana Department of Education	84.027			
			14212-027-PN01	2,053	-
			14213-027-PN01	70,057	1,274
			14214-027-PN01	234,624	64,514
			14215-027-PN01	-	226,815
			99914-027-TA01	5,728	1,118
				<u>312,462</u>	<u>293,721</u>
Total - Special Education_Grants to States					
Special Education_Preschool Grants					
	Indiana Department of Education	84.173			
			45712-027-PN01	-	-
			45713-027-PN01	1,633	132
			45714-027-PN01	8,702	3,352
			45715-027-PN01	-	10,723
				<u>10,335</u>	<u>14,207</u>
Total - Special Education_Preschool Grants					
Total - Special Education Cluster (IDEA)					
<u>322,797</u> <u>307,928</u>					
Title I Grants to Local Educational Agencies					
	Indiana Department of Education	84.010			
			13-7350	18,541	-
			14-7350	118,451	-
			14-7350	-	8,669
			14-7350	-	108,141
				<u>136,992</u>	<u>116,810</u>
Total - Title I Grants to Local Educational Agencies					
Improving Teacher Quality State Grants					
	Indiana Department of Education	84.367			
			11-7350	9,813	-
			12-7350	33,012	-
			13-7350	18,162	-
			13-7350	-	21,451
			14-7350	-	5,893
				<u>60,987</u>	<u>27,344</u>
Total - Improving Teacher Quality State Grants					
Total - Department of Education					
<u>520,776</u> <u>452,082</u>					
Total federal awards expended				<u>\$ 866,284</u>	<u>\$ 802,908</u>

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

NORTHWESTERN CONSOLIDATED SCHOOL CORPORATION OF SHELBY COUNTY
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.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Child Nutrition Cluster - Qualified, Special Education Cluster (IDEA) - 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:

_____ Name of Federal Program or Cluster _____
Child Nutrition Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-001.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to receipts. The School Corporation relied on one employee to complete all activities related to the receipting of School Corporation funds without any additional monitoring or other controls in place.

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. . . ."

Cause

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

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

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

FINDING 2015-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-002.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Management of the School Corporation assigned one individual to prepare, review, and approve the SEFA. There was no segregation of duties, such as an approval or review process, or other compensating control to ensure the information reported was accurate.

Criteria

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

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

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

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

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

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

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

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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, misstatements of the SEFA could have remained undetected.

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 2015-003 - CASH MANAGEMENT AND REPORTING

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

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior finding number was 2013-006.

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 Cash Management and Reporting compliance requirements. There were no controls in place to ensure the Sponsor Claims (claims for reimbursement) or the Annual Financial Reports were accurate prior to submission.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

This was a systemic problem. Two of the four Sponsor Claims (claims for reimbursement) tested were not reviewed and approved by someone other than the original preparer. The School Corporation contracted with a vendor in October of 2014 to manage the food service program, but there was no system of review put into place once this contract became effective. In addition, the Annual Financial Reports were not reviewed and approved by a member of the School Corporation prior to submission to the Indiana Department of Education.

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 would have ensured the accuracy of the Sponsor Claims (claims for reimbursement) and the Annual Financial Report.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the 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 - 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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

An effective internal control system was not in place to ensure that the weighted-average paid lunch price calculations were completed and that the paid lunch prices were established accordingly. The School Corporation did not perform the weighted-average paid lunch price calculation for either school year.

Context

The School Corporation was required to perform the weighted-average calculation for both school years in the audit period. The weighted-average paid lunch price calculation was not performed for either school year as required; therefore, we could not determine if the price charged for meals was appropriate.

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 charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish internal controls enabled material noncompliance to occur. Noncompliance with the grant agreement and 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 and complete the paid lunch equity calculations as required by the grant agreement and the compliance requirement 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 2015-005 - 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

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

An effective internal control system was not in place to ensure that verification of suspension and debarment requirements for food service contracts was completed and that the supporting documentation of the food service contracts was retained and available for audit.

Context

The School Corporation was unable to provide two of the three contracts for testing of suspension and debarment requirements for the Child Nutrition Cluster.

Criteria

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY
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 200.333 states in part:

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

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation maintained and made available for audit the documentation necessary to support the verification of suspension and debarment requirements of the food service contracts.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls over the Procurement and Suspension and Debarment compliance requirement and implement procedures that would ensure that records are retained and available for audit.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-001

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Laura Mullen
Contact Phone Number: 317-835-7461

Status of Audit Finding:

In January, 2014, we hired a Deputy Treasurer to help with the duties of the Business Office. Between the duties of the Corporation Treasurer, the Payroll Clerk, and the Deputy Treasurer, we have developed ways address the lack of segregation of duties.

This is an ongoing process, as new regulations are put in place and as we learn of new ways segregate the duties of our office through our meetings with other Business Officers in other districts. We believe we have been and will handle this much better than in the past.

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www.nwshelbyschools.org

Superintendent
Mr. Chris Hoke

Treasurer
Mrs. Laura Mullen

Technology Director
Mr. Josh Landis

Maintenance Director
Mr. Chuck Miller

Transportation Director
Mrs. Susie Childress

Special Education Director
Mrs. Terri Branson

School Board
Mr. Ken Polston
Mr. Steve Steele
Mrs. Wendy Gearlds
Mr. Tim Kelly
Mr. Vince Sanders
Mr. Todd Brandman
Mr. Glenn Bass

Laura Mullen
(Signature)

Corporation Treasurer
(Title)

7/12/17
(Date)

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Laura Mullen
Contact Phone Number: 317-835-7461

Status of Audit Finding:

INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The audit period in question was the first year any school corporation had to prepare the SEFA on their own. As each year has progressed, we have learned more about what is required and how to report it. We believe the preparation of it on Gateway has improved our reporting procedures.

After learning of additional measures we can take, beginning with the report filed in August of 2017, the Deputy Treasurer will also begin to check over the numbers reported.

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Handwritten signature of Laura Mullen over a horizontal line, with (Signature) below.

Corporation Treasurer over a horizontal line, with (Title) below.

7/12/17 over a horizontal line, with (Date) below.

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-003

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Laura Mullen
Contact Phone Number: 317-835-7461

Status of Audit Finding:

CASH MANAGEMENT AND REPORTING

Title I Grants: Beginning with the end of the audit (Roughly February of 2014) we began to have the Deputy Treasurer or another employee besides the Corporation Treasurer, sign off of reimbursement requests.

We consider this matter closed.

School Breakfast Program & National School Lunch Program: Beginning with the end of the audit (roughly February of 2014) the Food Service Director was instructed to begin having a second person sign off on her reimbursement requests. We found, however, that the new food service management company, was not doing this as per regulations. They have been instructed to do so beginning with the 17/18 school year.

We believe, now that instructed in how this is required to be completed, that the matter is closed.

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Handwritten signature of Laura Mullen (Signature)

Corporation Treasurer (Title)

7/12/17 (Date)

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-004

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Laura Mullen
Contact Phone Number: 317-835-7461

Status of Audit Finding:

ALLOWABLE COSTS/COST PRINCIPLES

Beginning with the end of the audit (Roughly February of 2014) We began to create time & effort logs/sign off sheets for employees being paid through federal grants.

We consider this matter closed.

Laura Mullen
(Signature)

Corporation Treasurer
(Title)

7/12/17
(Date)

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

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CORRECTIVE ACTION PLAN

FINDING 2015-001 Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Laura Mullen
Contact Phone Number: 317-835-7461

Views of Responsible Official: Corporation Treasurer

Description of Corrective Action Plan: During the previous audit finding (2013-001) we were advised to have our Deputy Treasurer post the receipts to the accounts, as the Corporation Treasurer made up the actual bank deposits. We implemented those changes in 2014 when the prior audit was completed. During the current audit, we were asked for a log of the checks that are received. This was not mentioned in the prior audit. To correct this, we will implement a check log for checks that are received beginning August 2017. If the person who makes the bank deposit needs to also post the deposit due to timing, another person in the office will verify the posting and sign off on the printouts.

Anticipated Completion Date: September 1, 2017

FINDING 2015-002 Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Laura Mullen
Contact Phone Number: 317-835-7461

Views of Responsible Official: Corporation Treasurer

During the previous audit, errors were found on the Schedule of Expenditures of Federal Awards. The Corporation Treasurer identified ways to ensure that the report was completed accurately. We believe that was accomplished. No mention was made in the prior audit (2013-002) of having a second person sign off on the report. To correct this, the Corporation Treasurer will begin to have a second person in the office verify the information for accuracy and sign the documentation before submission in Gateway. Anticipated Completion Date: September 1, 2017

FINDING 2015-003 Cash Management Reporting

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553; 10.555
Federal Award Number and Year (or Other Identifying Number): SY 2013-14 and SY 2014-15
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Laura Mullen
Contact Phone Number: 317-835-7461

Views of Responsible Official: Corporation Treasurer

Beginning with the finding number 2013-006, the Food Service Director began to have a second person review and sign off on the monthly claims. When a new school year started, the previous Food Service Director and the food service management company

did not continue to have a second person double check and sign the claims. To correct this, the Food Service Director will be required to bring a copy of the monthly claim to the Corporation Treasurer for verification. The Corporation Treasurer will sign off on the reports. Copies will be kept in the Corporation Office and the Food Service Office.

The Corporation Treasurer, who completes the Annual Financial Report, will begin to have the Food Service Director verify the information for accuracy before submission. In both of these cases, each person will sign off on the paperwork filed.

Anticipated Completion Date: September 1, 2017

FINDING 2015-004 Special Tests and Provision – Paid Lunch Equity

Federal Agency: U.S. Department of Agriculture

Federal Programs: National School Lunch Program

CFDA Number: 10.555

Federal Award Number and Year (or Other Identifying Number): SY 2013-14 and SY 2014-15

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Laura Mullen

Contact Phone Number: 317-835-7461

Views of Responsible Official: Corporation Treasurer

In the past, the Food Service Director would complete the weighted-average calculation so that the correct meal prices were presented to the school board for approval. The director did not keep a copy of the calculation. To correct this, the Food Service Director will now be required to provide a copy of the calculation printout along with their suggestions for meal prices to the Superintendent before it is presented to the school board.

Anticipated Completion Date: September 1, 2017

FINDING 2015-005 Suspension and Debarment

Federal Agency: U.S. Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553; 10.555

Federal Award Number and Year (or Other Identifying Number): SY 2013-14 and SY 2014-15

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Laura Mullen

Contact Phone Number: 317-835-7461

Views of Responsible Official: Corporation Treasurer

The Corporation Treasurer will begin to verify that all vendors used in the School Lunch/Breakfast account are not on the Suspension and Debarment list. A file will be kept of those verifications. The previous Food Service Director did not keep copies of the bread and milk contracts. To correct this, the Corporation Treasurer will verify that any new contracts are on file.

Anticipated Completion Date: September 1, 2017

Laura D Miller

Corporation Treasurer

(Title)

8/15/17

(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/>.