

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SCHOOL CITY OF WHITING
LAKE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
12/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kim Pusateri	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Sandra Martin Cynthia Scroggins	07-01-14 to 06-30-16 07-01-17 to 06-30-18
President of the School Board	Anthony Borgo Kathy Murzyn Jeremiah Moynihan	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE SCHOOL CITY OF WHITING, LAKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the School City of Whiting (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

November 1, 2017



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Telephone: (317) 232-2513
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Web Site: www.in.gov/sboa

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 SCHOOL CITY OF WHITING, LAKE 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 School City of Whiting (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 1, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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*.

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

November 1, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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SCHOOL CITY OF WHITING
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 2,914,038	\$ 8,258,403	\$ 8,182,144	\$ 4,055	\$ 2,994,352	\$ 7,714,062	\$ 8,399,619	\$ 5,194	\$ 2,313,989
Debt Service	384,019	470,171	511,739	(25,587)	316,864	650,883	574,773	(13,972)	379,002
Exempt Debt	78,888	-	-	-	78,888	-	-	-	78,888
Capital Projects	1,223,465	1,872,021	1,667,831	-	1,427,655	1,330,960	1,593,661	10,127	1,175,081
School Transportation	264,574	724,342	623,855	-	365,061	482,467	591,247	-	256,281
School Bus Replacement	433,693	58,013	-	-	491,706	54,377	87,982	-	458,101
Rainy Day	3,997,749	-	-	-	3,997,749	-	-	-	3,997,749
Post-Retirement/Severance Future Benefits	3,332,254	-	-	-	3,332,254	-	-	-	3,332,254
Construction	480	-	480	-	-	-	-	-	-
GO Bond 2015	-	-	154,616	1,069,788	915,172	-	650,783	-	264,389
School Lunch	98,632	586,272	593,455	-	91,449	592,948	616,034	-	68,363
Textbook Rental	41,828	212,189	267,840	25,587	11,764	253,673	328,376	13,972	(48,867)
Self-Insurance	1,337,768	1,418,926	1,487,042	-	1,269,652	1,350,858	1,953,379	-	667,131
Levy Excess	-	-	-	-	-	144	-	-	144
Parents as Teachers	11,000	20,000	20,000	-	11,000	-	11,000	-	-
Recreational Activities	2,101	-	1,652	-	449	-	449	-	-
Cultural Arts	-	50,000	50,000	-	-	-	-	-	-
Drama Grant - City	-	65,000	-	-	65,000	-	64,171	-	829
Stem Grant B.P.	-	15,000	925	-	14,075	-	11,333	-	2,742
Health Occupations Grant - City	-	3,000	-	-	3,000	-	3,000	-	-
Technology Grant - City	-	-	-	-	-	50,000	29,445	-	20,555
Buckley Wall of Fame	3,746	2,870	4,777	-	1,839	3,070	4,850	-	59
Top Ten	-	360	360	-	-	437	437	-	-
Formative Assessment	-	-	-	-	-	10,127	-	(10,127)	-
High Ability	17,438	28,103	36,441	-	9,100	29,380	35,065	-	3,415
Computer Consortium/Ed Tech Advance	(95,007)	208,300	223,293	-	(110,000)	218,550	108,550	-	-
Medicaid Reimbursement	96	6,423	-	(4,055)	2,464	3,925	-	(5,194)	1,195
Secured Schools Safety Grant	(50,000)	50,000	50,000	-	(50,000)	50,000	22,253	-	(22,253)
Extra-Curricular Activities	-	-	-	-	-	2,497	2,497	-	-
Non-English Speaking Programs	464	14,841	14,286	-	1,019	25,464	25,106	-	1,377
School Technology	1,007	3,669	3,617	-	1,059	4,404	4,299	-	1,164
Performance Based Awards	-	11,545	11,545	-	-	-	-	-	-
Title I	(3,682)	227,387	222,325	-	1,380	199,597	207,634	-	(6,657)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	214,312	227,750	-	(13,438)	209,287	205,660	-	(9,811)
IDEA	-	639	1,043	-	(404)	404	-	-	-
WIDA, Title III	-	634	634	-	-	-	-	-	-
Medicaid Reimbursement - Federal	36,151	22,583	24,856	-	33,878	17,058	29,230	-	21,706
Improving Teacher Quality, No Child Left, Title II, Part A	(1,776)	20,996	20,421	-	(1,201)	29,361	28,986	-	(826)
Title III - English Proficiency Migrant	(1,927)	29,438	28,494	-	(983)	20,691	21,251	-	(1,543)
Payroll Withholdings	-	2,245,974	2,245,974	-	-	1,838,257	1,838,257	-	-
Prepaid Lunch	-	-	-	-	-	35,240	32,874	-	2,366
Totals	\$ 14,026,999	\$ 16,841,411	\$ 16,677,395	\$ 1,069,788	\$ 15,260,803	\$ 15,178,121	\$ 17,482,201	\$ -	\$ 12,956,723

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

SCHOOL CITY OF WHITING
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.

SCHOOL CITY OF WHITING
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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

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

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the 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. Most of these are the result of the funds being required to be set up as reimbursable grants. The Computer Consortium/Ed Tech Advance fund had a deficit balance due to the timing of the repayment of the advance. The Textbook Rental fund deficit balance is due to the timing of the state textbook reimbursement. The reimbursements or loan payments were not received by June 30, 2015 and 2016.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the School City of Whiting 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 2015 and 2016 totaled \$67,000 and \$66,000, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits:

Retirees - Teachers with a minimum of 15 years of employment at age 50 will receive severance pay - Plan A \$100 per day times unused sick days or Plan B \$150 for each full year of full-time service. Upon retiring, the \$50,000 term life insurance policy shall be converted to a term policy with a face value of 25 percent the original amount. For retirees who retire on or before June 30, 2017, with 15 years of service, the School Board will provide single plan health insurance coverage at no cost until the retiree becomes eligible for Medicare. Or, if the retiree so chooses, a family plan may be purchased by the retiree paying the difference between the single and family plan. For retirees who retired after July 1, 2017, the School Board will provide to the retiree who qualifies for a full pension under IN Teachers Retirement Fund, and who has a minimum of 16 years of service in the School Corporation, single plan health insurance coverage until the retiree becomes eligible for Medicare. The School Board will pay 80 percent of the single plan coverage and each retiree insured will pay 20 percent of the premium. If retiree chooses a family plan, the retiree will pay the full additional cost difference between the single plan and the family plan. EARLY RETIREMENT - An individual teacher may qualify for early retirement benefits from age 50 until the day they are eligible for reduced Social Security benefits. To qualify, he/she must have a minimum of 16 years of service in the School Corporation. Upon retiring, the teacher will receive \$10,000 per year in biweekly payments for two consecutive years, or until the date the retiree is eligible for reduced Social Security benefits. The same single insurance benefits apply for early retirees that normal retirees receive as listed above.

A. Twelve-Month Employees:

1. An employee shall be eligible for severance pay if he or she has:
 - a. A minimum of 10 consecutive years of experience in the School Corporation;
 - b. Attained the age of 55;
 - c. Resigned while in good standing;
 - d. Given the Superintendent advance notice in writing by May 1 of the year preceding the resignation including the reason for this resignation/severance.
 - e. Been categorized as a 12 month or contracted employees.

SCHOOL CITY OF WHITING
NOTES TO FINANCIAL STATEMENT
(Continued)

2. An employee shall be ineligible for severance if he or she:
 - a. Is discharged for cause;
 - b. Fails to return to work on schedule following a leave of absence or vacation.
3. Severance pay shall be calculated at the rate of \$155 per year of service in the School Corporation, up to a maximum of 30 years. In addition, \$30 will be paid to the employee for each day of sick leave the employee has accumulated at retirement up to a maximum of 300 days.
4. The School Corporation will pay the single premium of health insurance for any support staff employee who retires at or after the age of 62 prior to June 30, 2017. For eligible support staff who retire at or after the age of 62 after July 1, 2017, the School Corporation will provide a single plan health insurance plan with an 80 percent - 20 percent split. The School Board will pay the 80 percent of the single premium and the insured retiree will pay 20 percent of his/her premium. This benefit will terminate when the employee is eligible for Medicare. This benefit only applies to employees who have worked a minimum of 10 consecutive years with the School Corporation and must have been previously covered under the School Corporation health plan at the time of retirement.
5. Also, at the time of retirement, if an employee is eligible for severance (contracted or twelve-month support employee who meets the criteria listed above), the School Corporation will pay the premium on a \$5,000 term life insurance policy for the duration of the employee's life.
6. Employee will be paid out any remaining leave time on their last paycheck.

B. Nine-Month Employees:

Nine-month employees will be recognized by the School Board when retiring or resigning from the district. The employee must have a minimum of 10 years, attained the age of 55 and resign in good standing.

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

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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SCHOOL CITY OF WHITING
 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	Exempt Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 2,914,038	\$ 384,019	\$ 78,888	\$ 1,223,465	\$ 264,574	\$ 433,693	\$ 3,997,749	\$ 3,332,254	\$ 480
Receipts:									
Local sources	114,558	470,171	-	1,404,284	528,735	58,013	-	-	-
Intermediate sources	24,632	-	-	-	-	-	-	-	-
State sources	8,042,888	-	-	3,226	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	459,000	183,000	-	-	-	-
Interfund loans	76,000	-	-	-	-	-	-	-	-
Other receipts	325	-	-	5,511	12,607	-	-	-	-
Total receipts	8,258,403	470,171	-	1,872,021	724,342	58,013	-	-	-
Disbursements:									
Instruction	5,003,130	-	-	-	-	-	-	-	-
Support services	2,914,812	-	-	654,305	456,795	-	-	-	-
Noninstructional services	188,202	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	581,526	60	-	-	-	480
Debt service	-	511,739	-	432,000	167,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	76,000	-	-	-	-	-	-	-	-
Total disbursements	8,182,144	511,739	-	1,667,831	623,855	-	-	-	480
Excess (deficiency) of receipts over disbursements	76,259	(41,568)	-	204,190	100,487	58,013	-	-	(480)
Other financing sources (uses):									
Proceeds of long-term debt	-	31,895	-	-	-	-	-	-	-
Transfers in	4,055	-	-	-	-	-	-	-	-
Transfers out	-	(57,482)	-	-	-	-	-	-	-
Total other financing sources (uses)	4,055	(25,587)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	80,314	(67,155)	-	204,190	100,487	58,013	-	-	(480)
Cash and investments - ending	\$ 2,994,352	\$ 316,864	\$ 78,888	\$ 1,427,655	\$ 365,061	\$ 491,706	\$ 3,997,749	\$ 3,332,254	\$ -

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

	GO Bond 2015	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Parents as Teachers	Recreational Activities	Cultural Arts	Drama Grant - City
Cash and investments - beginning	\$ -	\$ 98,632	\$ 41,828	\$ 1,337,768	\$ -	\$ 11,000	\$ 2,101	\$ -	\$ -
Receipts:									
Local sources	-	152,975	76,858	1,418,926	-	20,000	-	50,000	65,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	3,150	59,331	-	-	-	-	-	-
Federal sources	-	428,313	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	76,000	-	-	-	-	-	-
Other receipts	-	1,834	-	-	-	-	-	-	-
Total receipts	-	586,272	212,189	1,418,926	-	20,000	-	50,000	65,000
Disbursements:									
Instruction	-	-	150,253	-	-	-	-	-	-
Support services	76,666	24,762	41,587	-	-	-	1,652	-	-
Noninstructional services	-	560,823	-	-	-	20,000	-	-	-
Facilities acquisition and construction	63,695	7,870	-	-	-	-	-	50,000	-
Debt service	14,255	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,487,042	-	-	-	-	-
Interfund loans	-	-	76,000	-	-	-	-	-	-
Total disbursements	154,616	593,455	267,840	1,487,042	-	20,000	1,652	50,000	-
Excess (deficiency) of receipts over disbursements	(154,616)	(7,183)	(55,651)	(68,116)	-	-	(1,652)	-	65,000
Other financing sources (uses):									
Proceeds of long-term debt	1,037,893	-	-	-	-	-	-	-	-
Transfers in	31,895	-	25,587	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,069,788	-	25,587	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	915,172	(7,183)	(30,064)	(68,116)	-	-	(1,652)	-	65,000
Cash and investments - ending	\$ 915,172	\$ 91,449	\$ 11,764	\$ 1,269,652	\$ -	\$ 11,000	\$ 449	\$ -	\$ 65,000

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

	Stem Grant B.P.	Health Occupations Grant - City	Technology Grant - City	Buckley Wall of Fame	Top Ten	Formative Assessment	High Ability	Computer Consortium/ Ed Tech Advance
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,746	\$ -	\$ -	\$ 17,438	\$ (95,007)
Receipts:								
Local sources	15,000	3,000	-	2,870	360	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	28,103	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	208,300
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	15,000	3,000	-	2,870	360	-	28,103	208,300
Disbursements:								
Instruction	-	-	-	-	360	-	-	-
Support services	925	-	-	-	-	-	36,441	223,293
Noninstructional services	-	-	-	4,777	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	925	-	-	4,777	360	-	36,441	223,293
Excess (deficiency) of receipts over disbursements	14,075	3,000	-	(1,907)	-	-	(8,338)	(14,993)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,075	3,000	-	(1,907)	-	-	(8,338)	(14,993)
Cash and investments - ending	\$ 14,075	\$ 3,000	\$ -	\$ 1,839	\$ -	\$ -	\$ 9,100	\$ (110,000)

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

	Medicaid Reimbursement	Secured Schools Safety Grant	Extra- Curricular Activities	Non-English Speaking Programs	School Technology	Performance Based Awards	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 96	\$ (50,000)	\$ -	\$ 464	\$ 1,007	\$ -	\$ (3,682)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	6,423	50,000	-	14,841	3,669	11,545	-	-
Federal sources	-	-	-	-	-	-	227,387	214,312
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	6,423	50,000	-	14,841	3,669	11,545	227,387	214,312
Disbursements:								
Instruction	-	-	-	13,920	-	11,545	222,325	227,750
Support services	-	-	-	-	3,617	-	-	-
Noninstructional services	-	-	-	366	-	-	-	-
Facilities acquisition and construction	-	50,000	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	50,000	-	14,286	3,617	11,545	222,325	227,750
Excess (deficiency) of receipts over disbursements	6,423	-	-	555	52	-	5,062	(13,438)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(4,055)	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,055)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,368	-	-	555	52	-	5,062	(13,438)
Cash and investments - ending	\$ 2,464	\$ (50,000)	\$ -	\$ 1,019	\$ 1,059	\$ -	\$ 1,380	\$ (13,438)

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

	IDEA	WIDA, Title III	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Payroll Withholdings	Prepaid Lunch	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 36,151	\$ (1,776)	\$ (1,927)	\$ -	\$ -	\$ 14,026,999
Receipts:								
Local sources	-	-	-	-	-	-	-	4,380,750
Intermediate sources	-	-	-	-	-	-	-	24,632
State sources	-	-	-	-	-	-	-	8,223,176
Federal sources	639	634	22,583	20,996	29,438	-	-	944,302
Temporary loans	-	-	-	-	-	-	-	850,300
Interfund loans	-	-	-	-	-	-	-	152,000
Other receipts	-	-	-	-	-	2,245,974	-	2,266,251
Total receipts	639	634	22,583	20,996	29,438	2,245,974	-	16,841,411
Disbursements:								
Instruction	1,043	634	20,443	-	28,494	-	-	5,679,897
Support services	-	-	4,413	20,421	-	-	-	4,459,689
Noninstructional services	-	-	-	-	-	-	-	774,168
Facilities acquisition and construction	-	-	-	-	-	-	-	753,631
Debt service	-	-	-	-	-	-	-	1,124,994
Nonprogrammed charges	-	-	-	-	-	2,245,974	-	3,733,016
Interfund loans	-	-	-	-	-	-	-	152,000
Total disbursements	1,043	634	24,856	20,421	28,494	2,245,974	-	16,677,395
Excess (deficiency) of receipts over disbursements	(404)	-	(2,273)	575	944	-	-	164,016
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,069,788
Transfers in	-	-	-	-	-	-	-	61,537
Transfers out	-	-	-	-	-	-	-	(61,537)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,069,788
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(404)	-	(2,273)	575	944	-	-	1,233,804
Cash and investments - ending	\$ (404)	\$ -	\$ 33,878	\$ (1,201)	\$ (983)	\$ -	\$ -	\$ 15,260,803

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Exempt Debt	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 2,994,352	\$ 316,864	\$ 78,888	\$ 1,427,655	\$ 365,061	\$ 491,706	\$ 3,997,749	\$ 3,332,254	\$ -
Receipts:									
Local sources	118,763	650,883	-	1,303,101	482,392	54,377	-	-	-
Intermediate sources	17,402	-	-	-	-	-	-	-	-
State sources	7,456,572	-	-	4,366	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	121,000	-	-	-	-	-	-	-	-
Other receipts	325	-	-	23,493	75	-	-	-	-
Total receipts	<u>7,714,062</u>	<u>650,883</u>	<u>-</u>	<u>1,330,960</u>	<u>482,467</u>	<u>54,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Instruction	5,067,213	-	-	-	-	-	-	-	-
Support services	2,992,291	-	-	629,021	408,247	87,982	-	-	-
Noninstructional services	219,115	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	505,640	-	-	-	-	-
Debt service	-	574,773	-	459,000	183,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	121,000	-	-	-	-	-	-	-	-
Total disbursements	<u>8,399,619</u>	<u>574,773</u>	<u>-</u>	<u>1,593,661</u>	<u>591,247</u>	<u>87,982</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(685,557)</u>	<u>76,110</u>	<u>-</u>	<u>(262,701)</u>	<u>(108,780)</u>	<u>(33,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	5,194	-	-	10,127	-	-	-	-	-
Transfers out	-	(13,972)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,194</u>	<u>(13,972)</u>	<u>-</u>	<u>10,127</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>(680,363)</u>	<u>62,138</u>	<u>-</u>	<u>(252,574)</u>	<u>(108,780)</u>	<u>(33,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,313,989</u>	<u>\$ 379,002</u>	<u>\$ 78,888</u>	<u>\$ 1,175,081</u>	<u>\$ 256,281</u>	<u>\$ 458,101</u>	<u>\$ 3,997,749</u>	<u>\$ 3,332,254</u>	<u>\$ -</u>

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	GO Bond 2015	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Parents as Teachers	Recreational Activities	Cultural Arts	Drama Grant - City
Cash and investments - beginning	\$ 915,172	\$ 91,449	\$ 11,764	\$ 1,269,652	\$ -	\$ 11,000	\$ 449	\$ -	\$ 65,000
Receipts:									
Local sources	-	182,551	78,804	1,350,858	144	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	3,397	53,869	-	-	-	-	-	-
Federal sources	-	406,772	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	121,000	-	-	-	-	-	-
Other receipts	-	228	-	-	-	-	-	-	-
Total receipts	-	592,948	253,673	1,350,858	144	-	-	-	-
Disbursements:									
Instruction	-	-	165,302	-	-	-	-	-	-
Support services	224,319	16,822	42,074	-	-	-	449	-	64,171
Noninstructional services	-	591,320	-	-	-	11,000	-	-	-
Facilities acquisition and construction	407,039	3,114	-	-	-	-	-	-	-
Debt service	19,425	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,778	-	1,953,379	-	-	-	-	-
Interfund loans	-	-	121,000	-	-	-	-	-	-
Total disbursements	650,783	616,034	328,376	1,953,379	-	11,000	449	-	64,171
Excess (deficiency) of receipts over disbursements	(650,783)	(23,086)	(74,703)	(602,521)	144	(11,000)	(449)	-	(64,171)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	13,972	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	13,972	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(650,783)	(23,086)	(60,731)	(602,521)	144	(11,000)	(449)	-	(64,171)
Cash and investments - ending	\$ 264,389	\$ 68,363	\$ (48,967)	\$ 667,131	\$ 144	\$ -	\$ -	\$ -	\$ 829

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Stem Grant B.P.	Health Occupations Grant - City	Technology Grant - City	Buckley Wall of Fame	Top Ten	Formative Assessment	High Ability	Computer Consortium/ Ed Tech Advance
Cash and investments - beginning	\$ 14,075	\$ 3,000	\$ -	\$ 1,839	\$ -	\$ -	\$ 9,100	\$ (110,000)
Receipts:								
Local sources	-	-	50,000	3,070	437	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	10,127	29,380	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	218,550
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	50,000	3,070	437	10,127	29,380	218,550
Disbursements:								
Instruction	-	-	-	-	437	-	-	-
Support services	11,333	3,000	29,445	-	-	-	35,065	108,550
Noninstructional services	-	-	-	4,850	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	11,333	3,000	29,445	4,850	437	-	35,065	108,550
Excess (deficiency) of receipts over disbursements	(11,333)	(3,000)	20,555	(1,780)	-	10,127	(5,685)	110,000
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(10,127)	-	-
Total other financing sources (uses)	-	-	-	-	-	(10,127)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,333)	(3,000)	20,555	(1,780)	-	-	(5,685)	110,000
Cash and investments - ending	\$ 2,742	\$ -	\$ 20,555	\$ 59	\$ -	\$ -	\$ 3,415	\$ -

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	Medicaid Reimbursement	Secured Schools Safety Grant	Extra- Curricular Activities	Non-English Speaking Programs	School Technology	Performance Based Awards	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ 2,464	\$ (50,000)	\$ -	\$ 1,019	\$ 1,059	\$ -	\$ 1,380	\$ (13,438)
Receipts:								
Local sources	-	-	2,497	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,925	50,000	-	25,464	4,404	-	-	-
Federal sources	-	-	-	-	-	-	199,597	209,287
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>3,925</u>	<u>50,000</u>	<u>2,497</u>	<u>25,464</u>	<u>4,404</u>	<u>-</u>	<u>199,597</u>	<u>209,287</u>
Disbursements:								
Instruction	-	-	-	25,106	-	-	120,793	205,660
Support services	-	22,253	-	-	4,299	-	86,841	-
Noninstructional services	-	-	2,497	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>22,253</u>	<u>2,497</u>	<u>25,106</u>	<u>4,299</u>	<u>-</u>	<u>207,634</u>	<u>205,660</u>
Excess (deficiency) of receipts over disbursements	<u>3,925</u>	<u>27,747</u>	<u>-</u>	<u>358</u>	<u>105</u>	<u>-</u>	<u>(8,037)</u>	<u>3,627</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(5,194)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(5,194)</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>(1,269)</u>	<u>27,747</u>	<u>-</u>	<u>358</u>	<u>105</u>	<u>-</u>	<u>(8,037)</u>	<u>3,627</u>
Cash and investments - ending	\$ <u>1,195</u>	\$ <u>(22,253)</u>	\$ <u>-</u>	\$ <u>1,377</u>	\$ <u>1,164</u>	\$ <u>-</u>	\$ <u>(6,657)</u>	\$ <u>(9,811)</u>

SCHOOL CITY OF WHITING
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2016
 (Continued)

	IDEA	WIDA, Title III	Medicaid Reimbursement - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Title III - English Proficiency Migrant	Payroll Withholdings	Prepaid Lunch	Totals
Cash and investments - beginning	\$ (404)	\$ -	\$ 33,878	\$ (1,201)	\$ (983)	\$ -	\$ -	\$ 15,260,803
Receipts:								
Local sources	-	-	-	-	-	-	-	4,277,877
Intermediate sources	-	-	-	-	-	-	-	17,402
State sources	-	-	-	-	-	-	-	7,641,504
Federal sources	404	-	17,058	29,361	20,691	-	-	883,170
Temporary loans	-	-	-	-	-	-	-	218,550
Interfund loans	-	-	-	-	-	-	-	242,000
Other receipts	-	-	-	-	-	1,838,257	35,240	1,897,618
Total receipts	404	-	17,058	29,361	20,691	1,838,257	35,240	15,178,121
Disbursements:								
Instruction	-	-	20,029	-	21,251	-	-	5,625,791
Support services	-	-	9,201	28,986	-	-	-	4,804,349
Noninstructional services	-	-	-	-	-	-	-	828,782
Facilities acquisition and construction	-	-	-	-	-	-	-	915,793
Debt service	-	-	-	-	-	-	-	1,236,198
Nonprogrammed charges	-	-	-	-	-	1,838,257	32,874	3,829,288
Interfund loans	-	-	-	-	-	-	-	242,000
Total disbursements	-	-	29,230	28,986	21,251	1,838,257	32,874	17,482,201
Excess (deficiency) of receipts over disbursements	404	-	(12,172)	375	(560)	-	2,366	(2,304,080)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	29,293
Transfers out	-	-	-	-	-	-	-	(29,293)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	404	-	(12,172)	375	(560)	-	2,366	(2,304,080)
Cash and investments - ending	\$ -	\$ -	\$ 21,706	\$ (826)	\$ (1,543)	\$ -	\$ 2,366	\$ 12,956,723

SCHOOL CITY OF WHITING
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,005,020</u>	<u>\$ -</u>

SCHOOL CITY OF WHITING
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: School City of Whiting School Building Corporation	Building Corporation Whiting High School	\$ 66,000	12/31/2013	12/31/2024
Total of annual lease payments		<u>\$ 66,000</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	GO Bond 2012 Energy		\$ 1,240,000	\$ 363,508
General obligation bonds	GO Bond 2015 Renovations/Site Improvements		1,080,000	35,900
Notes and loans payable	Common School Technology A1963		108,550	11,571
Notes and loans payable	Common School Loan Technology A1720		71,120	20,980
Notes and loans payable	Common School Loan Technology A1603		39,360	20,024
Notes and loans payable	Common School Loan Technology A1635		40,760	20,737
Notes and loans payable	Common School Loan Technology A1701		50,950	20,839
Notes and loans payable	Common School Loan Technology A1801		81,280	21,082
Notes and loans payable	Common School Loan Technology A1858		96,030	22,247
Notes and loans payable	Common School Loan Technology A1907		<u>99,000</u>	<u>22,825</u>
Totals			<u>\$ 2,907,050</u>	<u>\$ 559,713</u>

SCHOOL CITY OF WHITING
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 446,368
Buildings	30,277,482
Improvements other than buildings	7,320,872
Machinery, equipment, and vehicles	<u>3,902,209</u>
Total capital assets	<u>\$ 41,946,931</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE SCHOOL CITY OF WHITING, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the School City of Whiting'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, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, and 2016-003 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

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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SCHOOL CITY OF WHITING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY2015, FY2016	\$ -	\$ 56,193	\$ -	\$ 53,326
National School Lunch Program		10.555	FY2015, FY2016	-	395,450	-	377,022
Special Milk Program for Children		10.556	FY2015, FY2016	-	1,576	-	968
Summer Food Service Program for Children		10.559	FY2015, FY2016	-	13,450	-	13,341
Total - Child Nutrition Cluster				-	466,669	-	444,657
Total - Department of Agriculture				-	466,669	-	444,657
Department of Education							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Special Education IDEA Part B 611	Indiana Department of Education	84.027	14213-096-PN01	-	56	-	-
Special Education IDEA Part B 611			14215-096-PN01	-	209,586	-	13,438
Special Education IDEA Part B 611			14216-089-PN01	-	-	-	191,168
Special Education IDEA Part B T.A.			99910-96-TA01	-	639	-	404
Total - Special Education_Grants to States				-	210,281	-	205,010
Special Education_Preschool Grants							
Special Education IDEA Part B 619	Indiana Department of Education	84.173	45715-096-PN01	-	4,670	-	-
Special Education IDEA Part B 619			45716-089-PN01	-	-	-	4,681
Total - Special Education_Preschool Grants				-	4,670	-	4,681
Total - Special Education Cluster (IDEA)				-	214,951	-	209,691
Title I Grants to Local Educational Agencies							
Title I	Indiana Department of Education	84.010	84.010 FY14-4760	-	3,682	-	-
Title I			84.010 FY15-4760	-	223,705	-	2,865
Title I			84.010 FY16-4760	-	-	-	196,732
Total - Title I Grants to Local Educational Agencies				-	227,387	-	199,597
English Language Acquisition State Grants							
WIDA Title III							
Title III	Indiana Department of Education	84.365	01113-351-PN01	-	634	-	-
Title III			01114-95-PN01	-	4,854	-	-
Title III			01115-58-PN01	-	24,583	-	984
Title III			01116-059-PN01	-	-	-	19,708
Total - English Language Acquisition State Grants				-	30,071	-	20,692
Improving Teacher Quality State Grants							
Title II Part A							
Title II Part A	Indiana Department of Education	84.367	84.367 FY13-4760	-	15,718	-	2,386
Title II Part A			84.367 FY14-4760	-	5,277	-	26,975
Total - Improving Teacher Quality State Grants				-	20,995	-	29,361
Total - Department of Education				-	493,404	-	459,341
Total federal awards expended				\$ -	\$ 960,073	\$ -	\$ 903,998

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

SCHOOL CITY OF WHITING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

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

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

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

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

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

Section II - Financial Statement Findings

No matters are reportable.

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-001

Subject: Child Nutrition Cluster - Eligibility, Reporting and National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.556, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Eligibility

One food service employee was solely responsible for performing the eligibility determinations and entering applicant information into the point of sale system. An oversight or review process of the determinations made and data entered had not been established.

Reporting

One person was responsible for preparing the monthly Sponsor Claims (claim for reimbursement) and the School Food Authority (SFA) Verification Collection Reports without evidence of an oversight or review process.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) (National School Lunch Program only)

An oversight or review process over the required verifications had not been established to ensure the accuracy of the verifications.

Context

The lack of controls was a systemic problem. There were no documented controls over the compliance requirements noted in the *Condition* throughout the audit period.

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

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. The 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 to ensure compliance with the Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Views of Responsible Officials

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

FINDING 2016-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children, Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.556, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

For the 2014-2015 fiscal year, the School Corporation utilized a third-party service center for milk and bread bids. The third-party service center administered the bidding process as well as verified that the vendors were not suspended or debarred. The third-party service center made a recommendation to the School Corporation for the winning bids. However, the School Corporation and the School Board never formally approved or awarded the bids.

For the 2014-2015 and 2015-2016 fiscal years, the School Corporation contracted with a third-party purchasing service for food products, materials, and supplies. The School Corporation and the School Board did not approve the contract with the purchasing service or verify that the vendors were not suspended or debarred.

An oversight, review, or approval process had not been established to ensure compliance with applicable local, state, and federal laws regarding these requirements.

Context

The lack of controls and noncompliance was a systemic problem. There were no documented controls over the Procurement and Suspension and Debarment compliance requirement throughout the audit period.

Criteria

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

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

The School Corporation Bylaws and Policies, Policy 6320 - PURCHASING states: "Contracts can be awarded by the Superintendent without Board approval for any single item or group of identical items costing less than \$50,000.00. All other contracts require Board approval prior to purchase."

7 CFR 3016.36 states in part:

"(a) *States*. When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

(b) *Procurement standards*.

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

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-22-6-1 states: "The purchasing agency of a governmental body may purchase services using any procedure the governmental body or the purchasing agency of the governmental body considers appropriate."

Indiana Code 5-22-6-2 states:

"(a) A governmental body may adopt rules governing the purchase of services for the governmental body.

(b) The purchasing agency of a governmental body may establish policies regarding the purchase of services for the governmental body."

2 CFR 180.300 states:

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

(a) Checking SAM Exclusions; or

(b) Collecting a certification from that person; or

(c) Adding a clause or condition to the covered transaction with that person."

Cause

The School Corporation had not established a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. 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 to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-003

Subject: National School Lunch Program - 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): FY2015, FY2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Policies or procedures were not in place at the School Corporation that would have ensured that correct amounts were entered into and calculated in the Price Adjustment Calculator tool.

The Paid Lunch Equity calculation for the 2014-2015 school year could not be located by the School Corporation even though the School Board approved a ten cent increase in lunch prices.

For 2015-2016 school year, the lunch prices were increased in accordance with the paid lunch equity calculation; however, the School Board did not approve the increase in lunch prices.

Context

The lack of controls was a systemic problem. There were no documented controls over the Special Tests and Provisions - Paid Lunch Equity throughout the audit period. Noncompliance occurred in both fiscal years during the audit period.

Criteria

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

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

7 CFR 210.14(e) states in part:

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

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

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

SCHOOL CITY OF WHITING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

7 CFR 210.15(b) states in part:

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

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

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. 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 to ensure compliance and comply with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

SCHOOL CITY OF WHITING

1500 CENTER STREET
WHITING, INDIANA 46394
(219) 659-0656 • (219) 473-4008 FAX

Cynthia A. Scroggins, Ed.S.
SUPERINTENDENT OF SCHOOLS
Cscroggins@ns.whiting.k12.in.us

Lorraine M. Covaciu, Ed.S.
ASSISTANT SUPERINTENDENT
Lcovaciu@ns.whiting.k12.in.us



BOARD OF SCHOOL TRUSTEES
Jeremiah J. Moynihan, President
Nicole L. Davenport, Vice President
Kathy Murzyn, Secretary
Christine Stribiak, Trustee
Amanda E. Perkins, Trustee

September 14, 2017

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Original Assigned SBA Audit Report Number: B45715
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Director of Finance
Contact Phone Number: 219-656-0656

Status of Audit Finding: Corrected

Activities Allowed, Allowable Costs/Costs Principles, and Period of Availability have been corrected.

The payroll clerk submits a detailed payroll register report to the corporation treasurer for review each pay period. The corporation treasurer also keeps spreadsheets for each grant fund and balances them monthly to ensure that all grant funds are spent within the period of availability.


(Signature)

Director of Finance/Treasurer

(Title)

September 14, 2017

(Date)

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CORRECTIVE ACTION PLAN

BOARD OF SCHOOL TRUSTEES
Jeremiah J. Moynihan, President
Nicole L. Davenport, Vice President
Kathy Murzyn, Secretary
Christine Stribiak, Trustee
Amanda E. Perkins, Trustee

FINDING 2016-001 **Child Nutrition Cluster – Eligibility, Reporting
National School Lunch Program – Special Tests and Provisions – Verification of
Free and Reduced Price Applications**

Contact Person Responsible for Corrective Action: Kim Pusateri
Contact Phone Number: 219-659-0656 ext. 124

Views of Responsible Official:

We concur with the finding, see corrective action plan.

Description of Corrective Action Plan:

The food service department will establish internal controls to document segregation of duties in the future while performing the eligibility determinations and entering applicants into the point of sale system.

The food service department will establish internal controls to document that the monthly claim for reimbursements and verification summary reports are reviewed by another staff member prior to submission. A review by signature will be implemented on these documents moving forward.

The food service department will establish internal controls to document three signatures on the selected samples of applications that have been approved for free and reduced meal applications.

Anticipated Completion Date:

The food service department will implement the corrective action plan immediately.



(Signature)

Director of Finance
(Title)

10/31/2017
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-002 Child Nutrition Cluster - Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Kim Pusateri
Contact Phone Number: 219-656-0656 ext. 124

Views of Responsible Official:

We concur with the finding, see corrective action plan.

Description of Corrective Action Plan:

The School City of Whiting will establish internal controls to ensure that third party bids are formally approved by the School City of Whiting's Board of School Trustees. The School City of Whiting will also verify that the vendors were not suspended or debarred to ensure compliance with the procurement and suspension and debarment requirement.

Anticipated Completion Date:

The School City of Whiting has implemented verification of the Suspension Debarment for contracts beginning April 1, 2017. The School City of Whiting will also be sure that all third party bids are formally approved by the Board of School Trustees moving forward.


(Signature)

Director of Finance
(Title)

10/31/17
(Date)

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Christine Stribiak, Trustee
Amanda E. Perkins, Trustee

CORRECTIVE ACTION PLAN

**FINDING 2016-003 National School Lunch Program – Special Tests and Provisions –
Paid Lunch Equity**

Contact Person Responsible for Corrective Action: Kim Pusateri
Contact Phone Number: 219-659-0656 ext. 124

Views of Responsible Official:

We concur with the finding, see corrective action plan.

Description of Corrective Action Plan:

The food service department will establish internal controls to ensure that the Paid Lunch Equity amounts entered and calculated are accurate. A copy of the paid lunches claimed in October from the previous year will be attached and kept on file with a copy of the Paid Equity Lunch calculation.

The food service director will follow up after the meal prices are board approved and request a copy of the board approved minutes to keep in her file along with the Paid Equity Lunch calculation sheet.

Anticipated Completion Date:

The food service department did begin keeping the Paid Lunch Equity calculation sheet after the 2014-2015 school year. It is in our procedures to board approve meal price increases each year, it was an oversight for the 2015-2016 school year.


(Signature)

Director of Finance
(Title)

10/31/17
(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/>.