

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CENTRAL NOBLE COMMUNITY  
SCHOOL CORPORATION  
NOBLE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
01/31/2018



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement .....	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-31
Schedule of Leases and Debt .....	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	36-37
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	41
Notes to Schedule of Expenditures of Federal Awards .....	42
Schedule of Findings and Questioned Costs .....	43-57
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	60-62
Corrective Action Plan .....	63-65
Other Reports.....	66

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly A. Schlotterback	07-01-14 to 06-10-17
	(Vacant)	06-11-17 to 07-31-17
	Miranda R. Wilkins	08-01-17 to 06-30-18
Superintendent of Schools	Dr. Christopher E. Daughtry	07-01-14 to 06-30-15
	Alan C. Middleton	07-01-15 to 12-31-16
	Troy A. Gaff	01-01-17 to 06-30-18
President of the School Board	Rodney P. Stayner	07-01-14 to 06-30-18



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CENTRAL NOBLE COMMUNITY  
SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Central Noble Community School Corporation (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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

***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 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 December 21, 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

December 21, 2017



**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](http://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 CENTRAL NOBLE COMMUNITY  
SCHOOL CORPORATION, NOBLE 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 Central Noble Community School Corporation (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 December 21, 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 2016-001 and 2016-002 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

**Central Noble Community School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

December 21, 2017

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
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	\$ 173,293	\$ 7,938,194	\$ 7,468,060	\$ 500	\$ 643,927	\$ 7,860,828	\$ 8,225,722	\$ -	\$ 279,033
Debt Service	990,113	1,208,094	1,579,252	-	618,955	1,304,332	1,278,610	-	644,677
Retirement/Severance Bond Debt Service	85,008	139,553	144,474	-	80,087	137,205	137,989	-	79,303
Capital Projects	1,039,164	1,155,120	1,210,707	-	983,577	1,078,286	1,156,854	-	905,009
School Transportation	602,297	983,120	852,662	-	732,755	1,021,903	1,032,215	-	722,443
School Bus Replacement	195,897	159,783	182,332	-	173,348	179,790	300,375	-	52,763
Rainy Day	23,288	-	23,288	-	-	32,151	-	-	32,151
Retirement/Severance Bond	32,102	-	32,102	-	-	-	-	-	-
Construction	1,240,305	-	1,240,305	-	-	-	-	-	-
Construction II	-	1,860,000	443,783	-	1,416,217	-	947,013	-	469,204
School Lunch	86,327	407,885	517,736	-	(23,524)	696,630	696,674	-	(23,568)
Textbook Rental	(85,583)	185,157	27,016	-	72,558	118,410	68,214	-	122,754
Self-Insurance	229,823	613,127	1,370,499	-	(527,549)	1,287,606	1,389,263	-	(629,206)
Educational License Plates	4,955	75	-	-	5,030	19	-	-	5,049
Alternative Education	-	3,323	3,323	-	-	5,947	-	-	5,947
Instructional Support	7,748	441	887	-	7,302	135	1,848	-	5,589
SY2016 - 17 Grants	-	-	-	-	-	4,900	-	-	4,900
Grants SY2009 - 10	6,731	-	1,239	-	5,492	-	1,940	-	3,552
Grants SY2008 - 09	3,801	-	124	-	3,677	-	2,274	-	1,403
SY2010 - 11 Grants	702	-	204	-	498	-	430	-	68
SY2011 - 12 Grants	2,721	-	2,177	-	544	-	60	-	484
SY2012 - 13 Grants	5,212	-	4,833	-	379	-	378	-	1
SY2013 - 14 Grants	24,743	1,000	15,068	-	10,675	1,000	3,701	-	7,974
SY2014 - 15 Grants	3,000	82,736	70,162	-	15,574	-	13,410	-	2,164
SY2015 - 16 Grants	-	4,000	-	-	4,000	120,974	67,962	-	57,012
Scholarships and Awards	3,179	-	2,000	-	1,179	5,000	5,000	-	1,179
SY2013 - 14 High Ability Grant	14,576	-	14,576	-	-	-	-	-	-
Gifted/Talented 2006 - 07	3,092	-	-	-	3,092	-	-	-	3,092
Teacher Quality Improvement Program	-	28,926	7,812	-	21,114	-	21,114	-	-
Tech Prep	-	-	-	-	-	29,834	19,218	-	10,616
Computer Consortium/Ed Tech Advance	-	-	-	-	-	-	124,210	-	(124,210)
Secured Schools Safety Grant	-	-	-	-	-	27,864	65,242	-	(37,378)
Non-English Speaking Programs	1,128	-	-	-	1,128	-	-	-	1,128
School Technology	32,348	26,781	9,915	-	49,214	9,695	10,606	-	48,303
2013 - 2014 Title I	(23,084)	46,791	23,707	-	-	-	-	-	-
2014 - 2015 Title I	-	79,133	132,304	-	(53,171)	131,936	78,765	-	-
2015 - 2016 Title I	-	-	-	-	-	100,743	122,240	-	(21,497)
2010 - 11 IN Career/Tech Ed PLTW	47	-	-	-	47	-	-	-	47
SY08 - 09 Title II Part A	5,125	-	-	-	5,125	-	-	-	5,125
SY2012 - 13 Title II	(609)	4,126	3,517	-	-	-	-	-	-
SY2013 - 14 Title II	-	3,276	26,418	-	(23,142)	23,142	-	-	-
SY2014 - 15 Title II	-	-	-	-	-	-	27,096	-	(27,096)
Title III - English Proficiency Migrant	467	-	-	-	467	-	-	-	467
In and Out Clearing	28,866	128,213	104,414	-	52,665	202,665	70,383	-	184,947
Food Service Trust	102,019	273,953	189,116	-	186,856	210,542	298,865	-	98,533
Payroll Withholdings	35,251	1,947,429	1,690,270	-	292,410	1,949,817	1,872,931	-	369,296
<b>Totals</b>	<b>\$ 4,874,052</b>	<b>\$ 17,280,236</b>	<b>\$ 17,394,282</b>	<b>\$ 500</b>	<b>\$ 4,760,506</b>	<b>\$ 16,541,354</b>	<b>\$ 18,040,602</b>	<b>\$ -</b>	<b>\$ 3,261,258</b>

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Negative balances in grant funds are due primarily to the time lapse between when expenditures are made by the School Corporation and when reimbursements are received from the granting agency. The Self-Insurance fund's deficit balances at June 30, 2015 and 2016, are due to the timing of transfers from the Payroll Withholdings fund and underfunding from the General fund.

**Note 8. Holding Corporations**

The School Corporation has entered into a capital lease with Central Noble 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 ending June 30, 2015 and 2016, totaled \$208,720 and \$405,200, respectively.

The School Corporation has entered into capital leases with Central Noble 2012 Building Projects Inc. (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 ending June 30, 2015 and 2016, totaled \$410,000 and \$621,500, respectively.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Other Postemployment Benefit**

The School Corporation provides to eligible retirees the following benefit: as compensation and with teacher's final pay, the School Corporation pays a teacher for accumulated sick leave at the rate of sixty dollars (\$60) per day; provided the teacher meets specific criteria. This benefit poses a liability to the School Corporation for this year and in future years. More detailed information regarding the benefit can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

## 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.

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

	General	Debt Service	Retirement/ Severance/ Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 173,293	\$ 990,113	\$ 85,008	\$ 1,039,164	\$ 602,297	\$ 195,897	\$ 23,288	\$ 32,102
Receipts:								
Local sources	161,695	1,208,094	139,553	1,155,120	983,120	159,783	-	-
Intermediate sources	7	-	-	-	-	-	-	-
State sources	7,776,492	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	7,938,194	1,208,094	139,553	1,155,120	983,120	159,783	-	-
Disbursements:								
Instruction	5,154,786	-	-	-	-	-	23,288	32,102
Support services	2,136,865	-	-	591,492	852,662	182,332	-	-
Noninstructional services	174,884	-	-	-	-	-	-	-
Facilities acquisition and construction	1,525	-	-	619,215	-	-	-	-
Debt service	-	1,579,252	144,474	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	7,468,060	1,579,252	144,474	1,210,707	852,662	182,332	23,288	32,102
Excess (deficiency) of receipts over disbursements	470,134	(371,158)	(4,921)	(55,587)	130,458	(22,549)	(23,288)	(32,102)
Other financing sources (uses):								
Sale of capital assets	500	-	-	-	-	-	-	-
Total other financing sources (uses)	500	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	470,634	(371,158)	(4,921)	(55,587)	130,458	(22,549)	(23,288)	(32,102)
Cash and investments - ending	\$ 643,927	\$ 618,955	\$ 80,087	\$ 983,577	\$ 732,755	\$ 173,348	\$ -	\$ -

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

	Construction	Construction II	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Alternative Education	Instructional Support
Cash and investments - beginning	\$ 1,240,305	\$ -	\$ 86,327	\$ (85,583)	\$ 229,823	\$ 4,955	\$ -	\$ 7,748
Receipts:								
Local sources	-	1,860,000	192,694	143,980	596,012	-	-	441
Intermediate sources	-	-	-	-	-	75	-	-
State sources	-	-	7,389	41,177	-	-	3,323	-
Federal sources	-	-	207,802	-	-	-	-	-
Other receipts	-	-	-	-	17,115	-	-	-
Total receipts	-	1,860,000	407,885	185,157	613,127	75	3,323	441
Disbursements:								
Instruction	-	-	-	-	-	-	3,323	213
Support services	-	-	-	27,016	-	-	-	674
Noninstructional services	-	-	517,736	-	-	-	-	-
Facilities acquisition and construction	1,240,305	443,783	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,370,499	-	-	-
Total disbursements	1,240,305	443,783	517,736	27,016	1,370,499	-	3,323	887
Excess (deficiency) of receipts over disbursements	(1,240,305)	1,416,217	(109,851)	158,141	(757,372)	75	-	(446)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,240,305)	1,416,217	(109,851)	158,141	(757,372)	75	-	(446)
Cash and investments - ending	\$ -	\$ 1,416,217	\$ (23,524)	\$ 72,558	\$ (527,549)	\$ 5,030	\$ -	\$ 7,302

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

	SY2016 - 17 Grants	Grants SY2009 - 10	Grants SY2008 - 09	SY2010 - 11 Grants	SY2011 - 12 Grants	SY2012 - 13 Grants	SY2013 - 14 Grants	SY2014 - 15 Grants
Cash and investments - beginning	\$ -	\$ 6,731	\$ 3,801	\$ 702	\$ 2,721	\$ 5,212	\$ 24,743	\$ 3,000
Receipts:								
Local sources	-	-	-	-	-	-	1,000	82,736
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	1,000	82,736
Disbursements:								
Instruction	-	79	-	204	2,098	4,833	11,559	63,129
Support services	-	1,160	124	-	79	-	3,509	7,033
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,239	124	204	2,177	4,833	15,068	70,162
Excess (deficiency) of receipts over disbursements	-	(1,239)	(124)	(204)	(2,177)	(4,833)	(14,068)	12,574
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,239)	(124)	(204)	(2,177)	(4,833)	(14,068)	12,574
Cash and investments - ending	\$ -	\$ 5,492	\$ 3,677	\$ 498	\$ 544	\$ 379	\$ 10,675	\$ 15,574

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

	SY2015 - 16 Grants	Scholarships and Awards	SY2013 - 14 High Ability Grant	Gifted/ Talented 2006 - 07	Teacher Quality Improvement Program	Tech Prep	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 3,179	\$ 14,576	\$ 3,092	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	4,000	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	28,926	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	4,000	-	-	-	28,926	-	-	-
Disbursements:								
Instruction	-	-	14,576	-	5,524	-	-	-
Support services	-	-	-	-	2,288	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,000	-	-	-	-	-	-
Total disbursements	-	2,000	14,576	-	7,812	-	-	-
Excess (deficiency) of receipts over disbursements	4,000	(2,000)	(14,576)	-	21,114	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,000	(2,000)	(14,576)	-	21,114	-	-	-
Cash and investments - ending	\$ 4,000	\$ 1,179	\$ -	\$ 3,092	\$ 21,114	\$ -	\$ -	\$ -

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

	Non-English Speaking Programs	School Technology	2013 - 2014 Title I	2014 - 2015 Title I	2015 - 2016 Title I	2010 - 11 IN Career/ Tech Ed PLTW	SY08 - 09 Title II Part A	SY2012 - 13 Title II
Cash and investments - beginning	\$ 1,128	\$ 32,348	\$ (23,084)	\$ -	\$ -	\$ 47	\$ 5,125	\$ (609)
Receipts:								
Local sources	-	21,720	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	5,061	-	-	-	-	-	-
Federal sources	-	-	46,791	79,133	-	-	-	4,126
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	26,781	46,791	79,133	-	-	-	4,126
Disbursements:								
Instruction	-	-	7,548	118,974	-	-	-	-
Support services	-	9,668	16,159	13,330	-	-	-	3,517
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	247	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	9,915	23,707	132,304	-	-	-	3,517
Excess (deficiency) of receipts over disbursements	-	16,866	23,084	(53,171)	-	-	-	609
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	16,866	23,084	(53,171)	-	-	-	609
Cash and investments - ending	\$ 1,128	\$ 49,214	\$ -	\$ (53,171)	\$ -	\$ 47	\$ 5,125	\$ -

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

	SY2013 - 14 Title II	SY2014 - 15 Title II	Title III - English Proficiency Migrant	In and Out Clearing	Food Service Trust	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 467	\$ 28,866	\$ 102,019	\$ 35,251	\$ 4,874,052
Receipts:							
Local sources	-	-	-	-	-	-	6,709,948
Intermediate sources	-	-	-	-	-	-	82
State sources	-	-	-	-	-	-	7,862,368
Federal sources	3,276	-	-	-	-	-	341,128
Other receipts	-	-	-	128,213	273,953	1,947,429	2,366,710
Total receipts	3,276	-	-	128,213	273,953	1,947,429	17,280,236
Disbursements:							
Instruction	-	-	-	-	-	-	5,442,236
Support services	26,418	-	-	-	-	-	3,874,326
Noninstructional services	-	-	-	-	-	-	692,620
Facilities acquisition and construction	-	-	-	-	-	-	2,305,075
Debt service	-	-	-	-	-	-	1,723,726
Nonprogrammed charges	-	-	-	104,414	189,116	1,690,270	3,356,299
Total disbursements	26,418	-	-	104,414	189,116	1,690,270	17,394,282
Excess (deficiency) of receipts over disbursements	(23,142)	-	-	23,799	84,837	257,159	(114,046)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	500
Total other financing sources (uses)	-	-	-	-	-	-	500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,142)	-	-	23,799	84,837	257,159	(113,546)
Cash and investments - ending	\$ (23,142)	\$ -	\$ 467	\$ 52,665	\$ 186,856	\$ 292,410	\$ 4,760,506

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 643,927	\$ 618,955	\$ 80,087	\$ 983,577	\$ 732,755	\$ 173,348	\$ -	\$ -
Receipts:								
Local sources	96,393	1,304,332	137,205	1,078,286	1,021,903	179,790	32,151	-
Intermediate sources	7	-	-	-	-	-	-	-
State sources	7,764,428	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>7,860,828</u>	<u>1,304,332</u>	<u>137,205</u>	<u>1,078,286</u>	<u>1,021,903</u>	<u>179,790</u>	<u>32,151</u>	<u>-</u>
Disbursements:								
Instruction	5,618,911	-	-	-	-	-	-	-
Support services	2,444,005	-	-	917,531	1,032,215	300,375	-	-
Noninstructional services	161,722	-	-	-	-	-	-	-
Facilities acquisition and construction	1,084	-	-	239,323	-	-	-	-
Debt service	-	1,278,610	137,989	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>8,225,722</u>	<u>1,278,610</u>	<u>137,989</u>	<u>1,156,854</u>	<u>1,032,215</u>	<u>300,375</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(364,894)</u>	<u>25,722</u>	<u>(784)</u>	<u>(78,568)</u>	<u>(10,312)</u>	<u>(120,585)</u>	<u>32,151</u>	<u>-</u>
Cash and investments - ending	<u>\$ 279,033</u>	<u>\$ 644,677</u>	<u>\$ 79,303</u>	<u>\$ 905,009</u>	<u>\$ 722,443</u>	<u>\$ 52,763</u>	<u>\$ 32,151</u>	<u>\$ -</u>

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

	Construction	Construction II	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Alternative Education	Instructional Support
Cash and investments - beginning	\$ -	\$ 1,416,217	\$ (23,524)	\$ 72,558	\$ (527,549)	\$ 5,030	\$ -	\$ 7,302
Receipts:								
Local sources	-	-	300,667	77,034	1,287,591	-	-	135
Intermediate sources	-	-	-	-	-	19	-	-
State sources	-	-	7,760	41,376	-	-	5,947	-
Federal sources	-	-	388,203	-	-	-	-	-
Other receipts	-	-	-	-	15	-	-	-
Total receipts	-	-	696,630	118,410	1,287,606	19	5,947	135
Disbursements:								
Instruction	-	-	-	-	-	-	-	1,801
Support services	-	-	1,371	68,214	-	-	-	47
Noninstructional services	-	-	695,303	-	-	-	-	-
Facilities acquisition and construction	-	947,013	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,389,263	-	-	-
Total disbursements	-	947,013	696,674	68,214	1,389,263	-	-	1,848
Excess (deficiency) of receipts over disbursements	-	(947,013)	(44)	50,196	(101,657)	19	5,947	(1,713)
Cash and investments - ending	\$ -	\$ 469,204	\$ (23,568)	\$ 122,754	\$ (629,206)	\$ 5,049	\$ 5,947	\$ 5,589

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

	SY2016 - 17 Grants	Grants SY2009 - 10	Grants SY2008 - 09	SY2010 - 11 Grants	SY2011 - 12 Grants	SY2012 - 13 Grants	SY2013 - 14 Grants	SY2014 - 15 Grants
Cash and investments - beginning	\$ -	\$ 5,492	\$ 3,677	\$ 498	\$ 544	\$ 379	\$ 10,675	\$ 15,574
Receipts:								
Local sources	4,900	-	-	-	-	-	1,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	4,900	-	-	-	-	-	1,000	-
Disbursements:								
Instruction	-	44	2,274	430	60	378	3,491	13,410
Support services	-	1,896	-	-	-	-	210	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,940	2,274	430	60	378	3,701	13,410
Excess (deficiency) of receipts over disbursements	4,900	(1,940)	(2,274)	(430)	(60)	(378)	(2,701)	(13,410)
Cash and investments - ending	\$ 4,900	\$ 3,552	\$ 1,403	\$ 68	\$ 484	\$ 1	\$ 7,974	\$ 2,164

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

	SY2015 - 16 Grants	Scholarships and Awards	SY2013 - 14 High Ability Grant	Gifted/ Talented 2006 - 07	Teacher Quality Improvement Program	Tech Prep	Computer Consortium/ Ed Tech Advance	Secured Schools Safety Grant
Cash and investments - beginning	\$ 4,000	\$ 1,179	\$ -	\$ 3,092	\$ 21,114	\$ -	\$ -	\$ -
Receipts:								
Local sources	120,974	5,000	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	29,834	-	27,864
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	120,974	5,000	-	-	-	29,834	-	27,864
Disbursements:								
Instruction	67,587	-	-	-	21,114	19,218	-	-
Support services	375	-	-	-	-	-	124,210	65,242
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	5,000	-	-	-	-	-	-
Total disbursements	67,962	5,000	-	-	21,114	19,218	124,210	65,242
Excess (deficiency) of receipts over disbursements	53,012	-	-	-	(21,114)	10,616	(124,210)	(37,378)
Cash and investments - ending	\$ 57,012	\$ 1,179	\$ -	\$ 3,092	\$ -	\$ 10,616	\$ (124,210)	\$ (37,378)

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

	Non-English Speaking Programs	School Technology	2013 - 2014 Title I	2014 - 2015 Title I	2015 - 2016 Title I	2010 - 11 IN Career/ Tech Ed PLTW	SY08 - 09 Title II Part A	SY2012 - 13 Title II
Cash and investments - beginning	\$ 1,128	\$ 49,214	\$ -	\$ (53,171)	\$ -	\$ 47	\$ 5,125	\$ -
Receipts:								
Local sources	-	3,131	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	6,564	-	-	-	-	-	-
Federal sources	-	-	-	131,936	100,743	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	9,695	-	131,936	100,743	-	-	-
Disbursements:								
Instruction	-	-	-	71,958	112,889	-	-	-
Support services	-	8,153	-	6,807	9,351	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	2,453	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	10,606	-	78,765	122,240	-	-	-
Excess (deficiency) of receipts over disbursements	-	(911)	-	53,171	(21,497)	-	-	-
Cash and investments - ending	\$ 1,128	\$ 48,303	\$ -	\$ -	\$ (21,497)	\$ 47	\$ 5,125	\$ -

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

	SY2013 - 14 Title II	SY2014 - 15 Title II	Title III - English Proficiency Migrant	In and Out Clearing	Food Service Trust	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (23,142)	\$ -	\$ 467	\$ 52,665	\$ 186,856	\$ 292,410	\$ 4,760,506
Receipts:							
Local sources	-	-	-	-	-	-	5,650,492
Intermediate sources	-	-	-	-	-	-	26
State sources	-	-	-	-	-	-	7,883,773
Federal sources	23,142	-	-	-	-	-	644,024
Other receipts	-	-	-	202,665	210,542	1,949,817	2,363,039
Total receipts	23,142	-	-	202,665	210,542	1,949,817	16,541,354
Disbursements:							
Instruction	-	-	-	-	-	-	5,933,565
Support services	-	27,096	-	-	-	-	5,007,098
Noninstructional services	-	-	-	-	-	-	857,025
Facilities acquisition and construction	-	-	-	-	-	-	1,189,873
Debt service	-	-	-	-	-	-	1,416,599
Nonprogrammed charges	-	-	-	70,383	298,865	1,872,931	3,636,442
Total disbursements	-	27,096	-	70,383	298,865	1,872,931	18,040,602
Excess (deficiency) of receipts over disbursements	23,142	(27,096)	-	132,282	(88,323)	76,886	(1,499,248)
Cash and investments - ending	\$ -	\$ (27,096)	\$ 467	\$ 184,947	\$ 98,533	\$ 369,296	\$ 3,261,258

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Central Noble School Building Corporation	Guaranteed Energy Savings Contract	\$ 405,200	6/30/2011	12/31/2019
Central Noble 2012 Building Projects Inc.	Central Noble High School and the Middle School Project	204,000	6/30/2013	12/31/2023
Central Noble 2012 Building Projects Inc.	Albion Elementary School Project	204,000	6/30/2016	12/31/2023
Central Noble 2012 Building Projects Inc.	Central Noble Jr/Sr High School Project	<u>213,500</u>	6/30/2016	6/30/2034
Total of annual lease payments		<u>\$ 1,026,700</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Amended Taxable GO Pension Bonds of 2003	\$ 852,387	\$ 131,257
General obligation bonds	General Obligation Bonds of 2013	<u>425,000</u>	<u>12,916</u>
Totals		<u>\$ 1,277,387</u>	<u>\$ 144,173</u>

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
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	\$ 17,208
Buildings	18,020,162
Infrastructure	142,653
Improvements other than buildings	5,246,283
Machinery, equipment, and vehicles	<u>6,966,830</u>
Total capital assets	<u>\$ 30,393,136</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CENTRAL NOBLE COMMUNITY  
SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

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

We have audited the Central Noble Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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 2016-003, 2016-005, 2016-006, and 2016-007. 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**

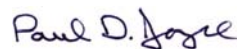
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 2016-003, 2016-004, 2016-005, 2016-006, and 2016-007 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 14-15 FY 15-16	\$ - -	\$ 31,060 -	\$ - -	\$ - 66,188
Total - School Breakfast Program				-	31,060	-	66,188
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15 FY 15-16 FY 14-16	- - -	175,341 - 43,275	- - -	- 322,015 43,064
Commodities							
Total - National School Lunch Program				-	218,616	-	365,079
Total - Child Nutrition Cluster				-	249,676	-	431,267
Total - Department of Agriculture				-	249,676	-	431,267
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027	14213-046-PN01 14214-046-PN01 14215-046-PN01 99914-046-TA01 14216-046-PN01	- - - - -	69 75,872 204,024 3,420 -	- - - - -	- - 58,829 17 221,132
Total - Special Education_Grants to States				-	283,385	-	279,978
Special Education_Preschool Grants	Indiana Department of Education	84.173	45715-046-PN01 45716-044-PN01	- -	5,695 -	- -	- 5,778
Total - Special Education_Preschool Grants				-	5,695	-	5,778
Total - Special Education Cluster (IDEA)				-	289,080	-	285,756
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-6055 15-6055 16-6055	- - -	46,791 79,133 -	- - -	- 131,937 100,743
Total - Title I Grants to Local Educational Agencies				-	125,924	-	232,680
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	12-6055 13-6055	- -	4,126 3,276	- -	- 23,142
Total - Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)				-	7,402	-	23,142
Total - Department of Education				-	422,406	-	541,578
Total federal awards expended				\$ -	\$ 672,082	\$ -	\$ 972,845

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

\_\_\_\_\_ 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 2016-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*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).

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

During the audit of the SEFA, the following errors were noted: grant awards for the Child Nutrition Cluster totaling \$249,676 for fiscal year 2015 and \$431,267 for fiscal year 2016 and the Special Education Cluster (IDEA) totaling \$289,080 for fiscal year 2015 and \$285,756 for fiscal year 2016 were not included.

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

*Criteria*

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

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

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

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

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
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."

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

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

*Effect*

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

*Recommendation*

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

*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: Internal Controls over Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior finding number was 2014-001.

*Condition*

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts and cash and investment balances.
  - a. One individual was responsible for preparing the bank reconciliation. The same individual issued receipts and prepared the bank deposits.
  - b. Bank reconciliations were not reviewed and approved by someone other than the person performing the depository reconciliations.
2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would have required the School Corporation to monitor and assess the quality of the system of internal control.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of adequate internal controls and lack of monitoring of controls were systemic issues, which occurred throughout the audit period.

*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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to monthly cash reconciliements and the receipt issuance and establish a system to ensure that controls were monitored and evaluated periodically.

*Views of Responsible Officials*

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

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

**FINDING 2016-003**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-046-PN01, 14214-046-PN01,  
14215-046-PN01, 99914-046-TA01,  
14216-046-PN01, 45715-046-PN01,  
45716-044-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation was a member of the Northeast Indiana Special Education Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide Special Education services to those in need. The Cooperative designated a Fiscal Agent, who was responsible for the accounting records of the Cooperative. The Fiscal Agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to Allowable Costs/Cost Principles.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Because the grant agreements are between the IDOE and each member of the Cooperative, each member school corporation is ultimately responsible for ensuring compliance with the requirements. The Fiscal Agent had not implemented adequate controls to ensure that Semi-Annual Certifications prepared were properly signed by the Special Education Director.

*Context*

The Semi-Annual Certifications were not all properly signed by the Special Education Director.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the Cooperative and the participating school corporations in noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within the internal control system allowed noncompliance with the compliance requirement and could have 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 Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

*Views of Responsible Officials*

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

***FINDING 2016-004***

Subject: Child Nutrition Cluster - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Eligibility, Program Income  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior finding number was 2014-002.

*Condition*

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cash Management*

Management of the School Corporation had not established an effective internal control system related to the Cash Management compliance requirement. There were no procedures established to ensure that the School Lunch fund cash balances were maintained in compliance with the Cash Management requirements.

*Eligibility*

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Eligibility compliance requirement. There were no controls in place to ensure that eligibility determinations were performed when required or were accurate. The Food Service Director independently completed the eligibility determinations. There was no segregation of duties, such as an oversight, review, or approval process.

*Program Income*

The School Corporation had not established an effective internal control over verifying the proper determination and recording of program income. The School Corporation did not review the monthly cafeteria sales reports for all of its schools to ensure that all program income was properly determined and recorded in the School Corporation ledger.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with 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 2016-005**

Subject: Child Nutrition Cluster - 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): FY 14-15, FY 15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediate prior audit. The prior finding numbers were 2014-002 and 2014-003.

*Condition*

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

The School Corporation had a consulting agreement with a private vendor to oversee the School Corporation's food service operations. The Food Service Director, an employee of the private vendor, filed the required monthly Sponsor Claims (claim for reimbursement) and the Annual Financial Reports (AFR) with the Indiana Department of Education for the Child Nutrition Cluster programs.

The School Corporation did not file a June 2015 monthly Sponsor Claim (claim for reimbursement), although there was activity to support a claim. Additionally, the March 2015 Sponsor Claim (claim for reimbursement) was filed late, causing a delay in the receipt of reimbursement until February 2016.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The AFR filed by the School Corporation for the fiscal year ending June 30, 2016, did not agree with the School Corporation's financial records. Additionally, the November 2015 filed Sponsor Claim (claim for reimbursement) did not agree with the School Corporation's records. The Food Service Director reported financial records that were maintained by the private vendor.

*Context*

Internal control issues were systemic, occurring throughout the audit period, and enabled non-compliance with the reporting requirements.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

(1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

*Cause*

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2016-006**

Subject: Child Nutrition Cluster - 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  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)  
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 - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

The verification process was performed on a predetermined percentage of applications. For the 2014-2015 and 2015-2016 school years, a total of fourteen applications were verified by the School Corporation officials, as required. Of the four verified applications tested, two applications resulted in incorrect eligibility determinations and the verification summary portion of three applications was incomplete. The incorrect eligibility determinations were due to the usage of net pay instead of gross wages in the calculation of income.

*Context*

Internal control issues were systemic, occurring throughout the audit period, and this resulted in non-compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

7 CFR 245.6(a)(f)(7) states:

"*Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. The local educational agency must notify the household of any change. Households must be notified of any reduction in benefits in accordance with paragraph (j) of this section. Households with reduced benefits or that are longer eligible for free or reduced price meals must be notified of their right to reapply at any time with documentation of income or participation in one of the eligible programs in paragraph (a)(1) of this section."

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2016-007***

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 Number and Year (or Other Identifying Number): FY 14-15  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity  
Audit Findings: Material Weakness, Other Matters

*Condition*

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

*Context*

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

*Criteria*

7 CFR 210.15(b) states in part:

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

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

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. . . ."

CENTRAL NOBLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs.

*Recommendation*

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

*Views of Responsible Officials*

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

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

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



# Central Noble Community School Corporation

Albion Elementary    Central Noble Junior-Senior High School    Wolf Lake Elementary

p. 260-636-2175

f. 260-636-7918



[www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)



200 E. Main St.  
Albion, IN 46701

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

*Auditee Disclaimer: All personnel involved in the previous audit and responsible for correcting the findings are no longer employed by the district.*

### **FINDING 2014-001**

Fiscal year in which the finding initially occurred: 2012-13, 2013-14  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A  
Contact Person Responsible for Corrective Action: Kim Schlotterback  
Contact Phone Number: (260) 636-2175

#### Status of Audit Finding:

*This is what our plan was;* Central Noble Schools will correct the internal controls related to financial transactions and reporting by creating review procedures and documentation for receipts and cash investments and bank reconciliation. The role of the reviewer will be assigned to the appropriate personnel in the Central Noble Administrative Office. The reviewer will have a monthly checklist to insure that internal review and checks and balances are in place. Central Noble will plan to start utilization of this plan by July 1, 2015.

*This is what we did;* Our records indicate that a monthly checklist was not created and internal review procedures were not put in place. However, current personnel understands the importance of this plan and as we create our new processes, we will incorporate a second signor.

### **FINDING 2014-002**

Fiscal year in which the finding initially occurred: 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Kim Schlotterback  
Contact Phone Number: (260) 636-2175

#### Status of Audit Finding:

*This is what our plan was;* Central Noble Schools in cooperation with the approved food service vendor will implement internal controls over the Child Nutrition Cluster Programs. The appropriate personnel at the Central Office will be assigned and trained to review applications and accounts to ensure compliance. Training and implementation will be in place by July 1, 2015.

*This is what we did;* The food service director provides a monthly report showing all meals served, attendance numbers, eligibility counts, account balances, revenues, and expenses. These reports were reviewed by Kim Schlotterback on a monthly basis.

**FINDING 2014-003**

Fiscal year in which the finding initially occurred: 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Kim Schlotterback  
Contact Phone Number: (260) 636-2175

Status of Audit Finding:

*This is what our plan was;* Central Noble Schools in cooperation with the approved food service vendor will implement a new procedure for reporting. The school district treasurer or treasurer designee will prepare the NSLP Annual Financial Report in collaboration with the Food Service Management Company to ensure the report accurately represents the school accounting records. Compliance in this finding will be in place by July 1, 2015.

*This is what we did;* Our records indicate that the treasurer did not complete the NSLP Annual Financial Report.

**FINDING 2014-004**

Fiscal year in which the finding initially occurred: 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Kim Schlotterback  
Contact Phone Number: (260) 636-2175

Status of Audit Finding:

*This is what our plan was;* Central Noble Schools in cooperation with the approved service food service vendor will implement a new procedure for reporting. The Food Service Management Company will assign an additional individual (other than the Food Service Director) to be trained to perform random period reviews during the school year beginning during the 2015/2016 school year. The changes will be implemented by August 1, 2015 to ensure compliance going into the new school year. The fall verification process will be reviewed annually and signed off by that same secondary staff member.

*This is what we did;* Our records indicate that a new procedure for reporting was not implemented nor were reviews completed.

**FINDING 2014-005**

Fiscal year in which the finding initially occurred: 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: Kim Schlotterback  
Contact Phone Number: (260) 636-2175

Status of Audit Finding:

*This is what our plan was;* Central Noble in accordance with the checks and balances placed on the annual review will implement a new procedure for ensuring that balances of the three month average do not exceed the maximum allowable for non-profit entity. Excess balances will be used to update and

maintain food service equipment to ensure operational efficiency. Compliance with this management requirement will be in place by July 1, 2015.

*This is what we did;* Our records indicate that a process was not implemented to ensure balances were not in excess.

Miranda Williams

Business Manager/Treasurer

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
12/4/17

(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).)



# Central Noble Community School Corporation

Albion Elementary    Central Noble Junior-Senior High School    Wolf Lake Elementary

☎ p. 260-636-2175  
f 260-636-7918

🌐 [www.centralnoble.k12.in.us](http://www.centralnoble.k12.in.us)

🏠 200 E. Main St.  
Albion, IN 46701

## CORRECTIVE ACTION PLAN

### ***FINDING 2016-001***

Contact Person Responsible for Corrective Action: Miranda Wilkins  
Contact Phone Number: 260-636-2175

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Central Noble Schools will implement internal controls related to preparation of the schedule of expenditures of federal awards by creating review procedures to ensure accurate reporting on the SEFA. The appropriate personnel at the Central Office will be responsible for ensuring all necessary information is included on the report. The reviewer will be given a checklist to ensure the internal review checks and balances are in place.

Anticipated Completion Date: March 31, 2018

### ***FINDING 2016-002***

Contact Person Responsible for Corrective Action: Miranda Wilkins  
Contact Phone Number: 260-636-2175

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Central Noble Schools will implement internal controls related to financial transactions and reporting by creating review procedures and documentation for receipts and bank reconciliation. The role of the reviewer will be assigned to the appropriate personnel in the Central Noble Administrative Office. The reviewer will have a monthly checklist to ensure that internal review and checks and balances are in place.

Anticipated Completion Date: March 31, 2018

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: Miranda Wilkins  
Contact Phone Number: 260-636-2175

Views of Responsible Official: We concur with this finding

Description of Corrective Action Plan: Central Noble Schools will expand it's monitoring activities, including requests for signed semi-annual certification on an annual basis from the Northeast Indiana Special Education Cooperative.

Anticipated Completion Date: March 31, 2018

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Miranda Wilkins  
Contact Phone Number: 260-636-2175

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Central Noble Schools in cooperation with the approved food service vendor will implement internal controls over the Child Nutrition Cluster Programs. Central Noble will also request the Food Services Director provide reports to support the deposits made into the bank account and the monthly cafeteria sales. The appropriate personnel at the Central Office will be assigned and trained to review free and reduced applications to ensure proper eligibility. The school board will be responsible for reviewing and approving monthly transfers of income to the correct fund ensuring all program income is identified. The school board will be presented with a monthly update on the cash balance of the 800 fund. They will be responsible for reviewing and ensuring it is kept under three months expenditures.

Anticipated Completion Date: March 31, 2018

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Miranda Wilkins  
Contact Phone Number: 260-636-2175

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Central Noble Schools in cooperation with the approved food service vendor will implement a new procedure for reporting. The appropriate personnel at the Central Office will be assigned and trained to review annual financial reporting and reimbursement reports filed by the Food Service Management Company.

Anticipated Completion Date: March 31, 2018

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: Miranda Wilkins  
Contact Phone Number: 260-636-2175

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Central Noble Schools in cooperation with the approved food service vendor will implement internal controls over the Child Nutrition Cluster Programs. The appropriate personnel at the Central Office will be assigned and trained to review free and reduced applications, monitor the verification process, and accounts to ensure compliance.

Anticipated Completion Date: March 31, 2018

**FINDING 2016-007**

Contact Person Responsible for Corrective Action: Miranda Wilkins  
Contact Phone Number: 260-636-2175

Views of Responsible Official:

Description of Corrective Action Plan: We will have a copy of the completed PLE calculator submitted for board approval and review included in the board packet on an annual basis prior to the start of each school year.

Anticipated Completion Date: July 31, 2018

Miranda Wilkins  
(Signature)

Business Manager  
(Title)

12/18/17  
(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/>.