

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WHITKO COMMUNITY SCHOOL CORPORATION  
KOSCIUSKO COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
03/14/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Thomas S. McFarland Michelle L. Babcock	07-01-14 to 09-13-15 09-14-15 to 06-30-18
Superintendent of Schools	Steven R. Clason	07-01-14 to 06-30-18
President of the School Board	Deborah Collier Joseph A. Begley Georgia Tenney Jorell Tucker	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WHITKO COMMUNITY SCHOOL  
CORPORATION, KOSCIUSKO COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Whitko 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.

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

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

***Other Matters***

*Supplementary Information*

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

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2018, 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 solely 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 effectiveness of the School Corporation's 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

February 22, 2018



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

TO: THE OFFICIALS OF THE WHITKO COMMUNITY SCHOOL  
CORPORATION, KOSCIUSKO 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 Whitko 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 February 22, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

February 22, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

WHITKO 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	\$ 774,671	\$ 9,973,586	\$ 10,004,094	\$ 18,544	\$ 762,707	\$ 9,957,664	\$ 9,674,279	\$ 255	\$ 1,046,347
Debt Service	1,806,684	3,267,203	3,117,206	-	1,956,681	3,595,920	3,448,424	-	2,104,177
Retirement/Severance Bond Debt Service	20,456	-	-	-	20,456	-	-	-	20,456
Capital Projects	1,095,491	1,710,000	1,705,029	-	1,100,462	1,766,476	1,407,984	-	1,458,954
School Transportation	537,743	949,182	1,127,533	(184)	359,208	972,098	791,460	(59,897)	479,949
School Bus Replacement	52,180	246,949	59,300	-	239,829	311,362	298,400	-	252,791
Rainy Day	20,134	-	-	-	20,134	2,678	-	60,000	82,812
Retirement/Severance Bond	88,687	127	33,578	-	55,236	21	21,504	-	33,753
Construction	11,711,231	466,429	9,194,202	2,073	2,985,531	279,709	2,413,355	1,183	853,068
School Lunch	506,228	735,876	810,593	-	431,511	724,732	940,340	-	215,903
Textbook Rental	354,298	210,342	357,096	-	207,544	321,198	232,082	-	296,660
Self-Insurance	792,156	2,106,281	2,337,506	-	560,931	1,008,258	1,569,189	-	-
Levy Excess	-	103	-	-	103	-	-	(103)	-
Educational License Plates	4,220	75	-	-	4,295	111	-	-	4,406
Log Cabin Donations	2,839	-	2,528	-	311	-	79	-	232
Donation for SWES Coats	-	-	-	-	-	-	91	-	(91)
Summer Arts - WHS	1	1,200	204	-	997	1,200	-	-	2,197
Tobacco-Free Grant	3,794	-	-	-	3,794	-	-	-	3,794
INSAI Grant - SWES	526	-	-	-	526	-	-	-	526
EMT Donations	-	624	-	-	624	-	-	-	624
Health Program	67	-	-	-	67	-	-	-	67
Eye Care Donation For Students	105	-	1,316	-	(1,211)	-	(1,316)	-	105
Whitley Cares	42	-	-	-	42	-	-	-	42
TCU STEM Donations WMS	-	1,650	1,348	-	302	-	-	-	302
REMC - Northern Gases Donations	1,083	-	-	-	1,083	-	-	-	1,083
CBI Donation	1,000	2,400	-	-	3,400	400	1,625	-	2,175
Library Technology	(43)	-	-	-	(43)	-	(43)	-	-
Donald Love Scholarship	2,107	-	100	-	2,007	50	250	-	1,807
Driver Education	17,667	29,000	23,116	-	23,551	22,800	26,003	-	20,348
DEKKO Grant - Technology	1,568	-	1,512	-	56	-	-	-	56
Whitley County STEM	310	-	98	-	212	-	-	-	212
Hands Foundation	4,262	7,903	5,526	-	6,639	5,521	5,092	-	7,068
DEKKO Grant	(896)	2,496	1,921	-	(321)	6,271	66	-	5,884
PTLW Gateway Grant	-	-	553	-	(553)	-	(553)	-	-
PTLW - DEKKO	-	-	-	-	-	49,569	38,449	-	11,120
Formative Assessment	-	-	-	-	-	11,570	-	-	11,570
High Ability 2014-15	-	32,121	18,534	-	13,587	-	13,587	-	-
High Ability 2015-16	-	-	-	-	-	32,653	32,320	-	333
High Ability 2016-17	-	-	-	-	-	-	49	-	(49)
High Ability 2012-13	1,174	(1,174)	-	-	-	-	-	-	-
High Ability 2013-14	11,874	-	6,808	-	5,066	-	-	-	5,066

WHITKO 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
School Technology	(10,807)	8,373	28,686	-	(31,120)	80,391	27,889	-	21,382
PTLW Tech Plan Grant	-	49,569	-	-	49,569	(49,569)	-	-	-
Performance Based Awards	(10,159)	10,159	-	-	-	-	-	-	-
Performance Award	-	45,583	44,016	-	1,567	63,552	65,089	-	30
Miscellaneous Programs	(11,352)	23,221	44,021	-	(32,152)	26,779	36,874	-	(42,247)
Title I 2014-15	-	244,206	265,660	-	(21,454)	56,377	34,923	-	-
Title I 2015-16	-	-	-	-	-	187,325	216,932	-	(29,607)
Title I 2012-13	(831)	-	(831)	-	-	-	-	-	-
Title I 2013-14	(31,078)	90,670	59,592	-	-	-	-	-	-
Title I Part D 2013-14	(21,007)	34,355	13,348	-	-	-	-	-	-
Title I Part D 2014-15	-	48,675	52,462	-	(3,787)	3,787	-	-	-
Title I Part D 2015-16	-	-	-	-	-	26,921	34,648	-	(7,727)
Special Services Preschool	-	-	-	184	184	-	-	-	184
T.A. Grant FY 2014	(1,211)	4,758	3,721	-	(174)	174	-	-	-
Special Services Part B 2012-13	(677)	80	(597)	-	-	-	-	-	-
Special Services 2009-10 Carryover	95	-	-	-	95	-	-	-	95
Special Services Part B 2013-14	(114,612)	164,870	50,653	-	(395)	1,449	1,054	-	-
Special Services Part B 2014-15	-	289,233	324,906	-	(35,673)	73,758	41,453	-	(3,368)
Special Services Part B 2015-16	-	-	-	-	-	271,500	308,786	-	(37,286)
Special Services Preschool 2010-11	-	-	80	-	(80)	-	(80)	-	-
Special Services Preschool 2012-13	(47)	231	184	-	-	-	-	-	-
Special Services Preschool 2014-15	-	2,497	2,497	-	-	1,150	1,205	-	(55)
Special Services Preschool 2013-14	(2,937)	1,920	200	-	(1,217)	1,589	372	-	-
Medicaid Reimbursement - Federal	48,592	59,345	21,200	-	86,737	84,534	49,085	-	122,186
Title III	-	987	-	-	987	(987)	-	-	-
Non-English Speaking Program	636	-	636	-	-	-	-	-	-
Title II 2014-15	-	58,626	65,697	-	(7,071)	7,228	157	-	-
Title II 2015-16	-	-	-	-	-	58,322	63,883	-	(5,561)
Title II 2012-13	(411)	-	(411)	-	-	-	-	-	-
Title II 2013-14	(27,453)	48,319	20,866	-	-	-	-	-	-
Title III 2014-16	(747)	-	744	-	(1,491)	2,012	1,454	-	(933)
Prepaid Food	5,443	329,957	328,852	-	6,548	305,768	306,302	-	6,014
Payroll Deductions	85,927	2,033,620	2,068,290	-	51,257	2,184,607	2,170,310	-	65,554
Totals	<u>\$ 17,719,023</u>	<u>\$ 23,291,627</u>	<u>\$ 32,204,173</u>	<u>\$ 20,617</u>	<u>\$ 8,827,094</u>	<u>\$ 22,456,928</u>	<u>\$ 24,273,052</u>	<u>\$ 1,438</u>	<u>\$ 7,012,408</u>

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

WHITKO 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.

WHITKO 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.

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

WHITKO COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Transfers out.* Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. Fund Accounting**

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

WHITKO 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.

WHITKO COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of recoding expenditures into a different fund.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of grant fund expenditures that have not been reimbursed by the end of the fiscal year.

WHITKO COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Holding Corporation**

The School Corporation has entered into capital leases with Whitko High 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 \$2,818,500 and \$3,199,500, respectively.

**Note 10. Subsequent Events**

At the December 18, 2017 and the January 15, 2018 School Board of Trustees meetings the following changes were passed by the School Board of Trustees. The 6<sup>th</sup> graders will remain in their respective elementary school for the 2018-2019 school year. The 7<sup>th</sup> and 8<sup>th</sup> grade students will attend school at the South Whitley Campus along with the 9<sup>th</sup> through 12<sup>th</sup> grade students for the 2018-2019 school year. The middle school location will not house students for the 2018-2019 school year, but the central office will continue to be located at the middle school location. The consolidation will allow the School Corporation to be more efficient with staff and, therefore, reduce some personnel expenses. It is anticipated that the School Corporation will utilize approximately \$400,000 in capital projects funds and remaining bond refinance funds to make the South Whitley campus ready to instruct students grade 7 to grade 12.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units 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.

WHITKO 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
Cash and investments - beginning	\$ 774,671	\$ 1,806,684	\$ 20,456	\$ 1,095,491	\$ 537,743	\$ 52,180	\$ 20,134
Receipts:							
Local sources	201,739	3,267,203	-	1,707,119	949,182	246,949	-
Intermediate sources	177	-	-	-	-	-	-
State sources	9,771,670	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	2,881	-	-	-
Total receipts	9,973,586	3,267,203	-	1,710,000	949,182	246,949	-
Disbursements:							
Instruction	6,355,822	-	-	-	-	-	-
Support services	3,447,759	-	-	869,615	861,193	-	-
Noninstructional services	200,513	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	402,262	-	-	-
Debt service	-	3,117,206	-	433,152	266,340	59,300	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	10,004,094	3,117,206	-	1,705,029	1,127,533	59,300	-
Excess (deficiency) of receipts over disbursements	(30,508)	149,997	-	4,971	(178,351)	187,649	-
Other financing sources (uses):							
Sale of capital assets	18,544	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(184)	-	-
Total other financing sources (uses)	18,544	-	-	-	(184)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,964)	149,997	-	4,971	(178,535)	187,649	-
Cash and investments - ending	\$ 762,707	\$ 1,956,681	\$ 20,456	\$ 1,100,462	\$ 359,208	\$ 239,829	\$ 20,134

WHITKO 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

	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 88,687	\$ 11,711,231	\$ 506,228	\$ 354,298	\$ 792,156	\$ -	\$ 4,220
Receipts:							
Local sources	127	466,429	336,770	120,574	2,106,281	103	-
Intermediate sources	-	-	-	-	-	-	75
State sources	-	-	7,581	89,768	-	-	-
Federal sources	-	-	389,889	-	-	-	-
Other receipts	-	-	1,636	-	-	-	-
Total receipts	127	466,429	735,876	210,342	2,106,281	103	75
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	33,578	-	7,313	357,096	21,435	-	-
Noninstructional services	-	-	709,967	-	-	-	-
Facilities acquisition and construction	-	9,194,202	65,813	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	27,500	-	2,316,071	-	-
Total disbursements	33,578	9,194,202	810,593	357,096	2,337,506	-	-
Excess (deficiency) of receipts over disbursements	(33,451)	(8,727,773)	(74,717)	(146,754)	(231,225)	103	75
Other financing sources (uses):							
Sale of capital assets	-	2,073	-	-	-	-	-
Transfers in	-	-	29,589	-	-	-	-
Transfers out	-	-	(29,589)	-	-	-	-
Total other financing sources (uses)	-	2,073	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33,451)	(8,725,700)	(74,717)	(146,754)	(231,225)	103	75
Cash and investments - ending	\$ 55,236	\$ 2,985,531	\$ 431,511	\$ 207,544	\$ 560,931	\$ 103	\$ 4,295

WHITKO 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

	Log Cabin Donations	Donation for SWES Coats	Summer Arts - WHS	Tobacco-Free Grant	INSAI Grant - SWES	EMT Donations	Health Program
Cash and investments - beginning	\$ 2,839	\$ -	\$ 1	\$ 3,794	\$ 526	\$ -	\$ 67
Receipts:							
Local sources	-	-	1,200	-	-	624	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	1,200	-	-	624	-
Disbursements:							
Instruction	-	-	204	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	2,528	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,528	-	204	-	-	-	-
Excess (deficiency) of receipts over disbursements	(2,528)	-	996	-	-	624	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,528)	-	996	-	-	624	-
Cash and investments - ending	\$ 311	\$ -	\$ 997	\$ 3,794	\$ 526	\$ 624	\$ 67

WHITKO 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

	Eye Care Donation For Students	Whitley Cares	TCU STEM Donations WMS	REMC - Northern Gases Donations	CBI Donation	Library Technology	Donald Love Scholarship
Cash and investments - beginning	\$ 105	\$ 42	\$ -	\$ 1,083	\$ 1,000	\$ (43)	\$ 2,107
Receipts:							
Local sources	-	-	1,650	-	2,400	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	1,650	-	2,400	-	-
Disbursements:							
Instruction	-	-	1,348	-	-	-	-
Support services	1,316	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	100
Total disbursements	1,316	-	1,348	-	-	-	100
Excess (deficiency) of receipts over disbursements	(1,316)	-	302	-	2,400	-	(100)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,316)	-	302	-	2,400	-	(100)
Cash and investments - ending	\$ (1,211)	\$ 42	\$ 302	\$ 1,083	\$ 3,400	\$ (43)	\$ 2,007

WHITKO 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

	Driver Education	DEKKO Grant - Technology	Whitley County STEM	Hands Foundation	DEKKO Grant	PTLW Gateway Grant	PTLW - DEKKO
Cash and investments - beginning	\$ 17,667	\$ 1,568	\$ 310	\$ 4,262	\$ (896)	\$ -	\$ -
Receipts:							
Local sources	29,000	-	-	7,903	2,496	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	29,000	-	-	7,903	2,496	-	-
Disbursements:							
Instruction	23,116	-	-	5,092	1,420	-	-
Support services	-	1,512	-	434	501	553	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	98	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	23,116	1,512	98	5,526	1,921	553	-
Excess (deficiency) of receipts over disbursements	5,884	(1,512)	(98)	2,377	575	(553)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,884	(1,512)	(98)	2,377	575	(553)	-
Cash and investments - ending	\$ 23,551	\$ 56	\$ 212	\$ 6,639	\$ (321)	\$ (553)	\$ -

WHITKO 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

	Formative Assessment	High Ability 2014-15	High Ability 2015-16	High Ability 2016-17	High Ability 2012-13	High Ability 2013-14	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 1,174	\$ 11,874	\$ (10,807)
Receipts:							
Local sources	-	-	-	-	(1,174)	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	32,121	-	-	-	-	8,373
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	32,121	-	-	(1,174)	-	8,373
Disbursements:							
Instruction	-	18,534	-	-	-	5,490	-
Support services	-	-	-	-	-	1,318	28,686
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	18,534	-	-	-	6,808	28,686
Excess (deficiency) of receipts over disbursements	-	13,587	-	-	(1,174)	(6,808)	(20,313)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	13,587	-	-	(1,174)	(6,808)	(20,313)
Cash and investments - ending	\$ -	\$ 13,587	\$ -	\$ -	\$ -	\$ 5,066	\$ (31,120)

WHITKO 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

	PTLW Tech Plan Grant	Performance Based Awards	Performance Award	Miscellaneous Programs	Title I 2014-15	Title I 2015-16	Title I 2012-13
Cash and investments - beginning	\$ -	\$ (10,159)	\$ -	\$ (11,352)	\$ -	\$ -	\$ (831)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	49,569	10,159	45,583	23,221	-	-	-
Federal sources	-	-	-	-	244,206	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	49,569	10,159	45,583	23,221	244,206	-	-
Disbursements:							
Instruction	-	-	44,016	-	202,930	-	(449)
Support services	-	-	-	44,021	62,730	-	(382)
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	44,016	44,021	265,660	-	(831)
Excess (deficiency) of receipts over disbursements	49,569	10,159	1,567	(20,800)	(21,454)	-	831
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,569	10,159	1,567	(20,800)	(21,454)	-	831
Cash and investments - ending	\$ 49,569	\$ -	\$ 1,567	\$ (32,152)	\$ (21,454)	\$ -	\$ -

WHITKO 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

	Title I 2013-14	Title I Part D 2013-14	Title I Part D 2014-15	Title I Part D 2015-16	Special Services Preschool	T.A. Grant FY 2014	Special Services Part B 2012-13
Cash and investments - beginning	\$ (31,078)	\$ (21,007)	\$ -	\$ -	\$ -	\$ (1,211)	\$ (677)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	4,758	-
Federal sources	90,670	34,355	48,675	-	-	-	80
Other receipts	-	-	-	-	-	-	-
Total receipts	90,670	34,355	48,675	-	-	4,758	80
Disbursements:							
Instruction	35,551	13,273	52,462	-	-	-	(137)
Support services	19,265	75	-	-	-	3,721	(460)
Noninstructional services	1,630	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	3,146	-	-	-	-	-	-
Total disbursements	59,592	13,348	52,462	-	-	3,721	(597)
Excess (deficiency) of receipts over disbursements	31,078	21,007	(3,787)	-	-	1,037	677
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	184	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	184	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,078	21,007	(3,787)	-	184	1,037	677
Cash and investments - ending	\$ -	\$ -	\$ (3,787)	\$ -	\$ 184	\$ (174)	\$ -

WHITKO 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

	Special Services 2009-10 Carryover	Special Services Part B 2013-14	Special Services Part B 2014-15	Special Services Part B 2015-16	Special Services Preschool 2010-11	Special Services Preschool 2012-13	Special Services Preschool 2014-15
Cash and investments - beginning	\$ 95	\$ (114,612)	\$ -	\$ -	\$ -	\$ (47)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	2,497
Federal sources	-	164,870	289,233	-	-	231	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	164,870	289,233	-	-	231	2,497
Disbursements:							
Instruction	-	9,532	43,241	-	-	-	2,497
Support services	-	41,121	281,665	-	80	184	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	50,653	324,906	-	80	184	2,497
Excess (deficiency) of receipts over disbursements	-	114,217	(35,673)	-	(80)	47	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	114,217	(35,673)	-	(80)	47	-
Cash and investments - ending	\$ 95	\$ (395)	\$ (35,673)	\$ -	\$ (80)	\$ -	\$ -

WHITKO 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

	Special Services Preschool 2013-14	Medicaid Reimbursement - Federal	Title III	Non-English Speaking Program	Title II 2014-15	Title II 2015-16
Cash and investments - beginning	\$ (2,937)	\$ 48,592	\$ -	\$ 636	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	1,920	59,345	-	-	-	-
Federal sources	-	-	987	-	58,626	-
Other receipts	-	-	-	-	-	-
Total receipts	1,920	59,345	987	-	58,626	-
Disbursements:						
Instruction	200	-	-	636	-	-
Support services	-	21,200	-	-	65,697	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	200	21,200	-	636	65,697	-
Excess (deficiency) of receipts over disbursements	1,720	38,145	987	(636)	(7,071)	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,720	38,145	987	(636)	(7,071)	-
Cash and investments - ending	\$ (1,217)	\$ 86,737	\$ 987	\$ -	\$ (7,071)	\$ -

WHITKO 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

	Title II 2012-13	Title II 2013-14	Title III 2014-16	Prepaid Food	Payroll Deductions	Totals
Cash and investments - beginning	\$ (411)	\$ (27,453)	\$ (747)	\$ 5,443	\$ 85,927	\$ 17,719,023
Receipts:						
Local sources	-	-	-	-	-	9,446,575
Intermediate sources	-	-	-	-	-	252
State sources	-	-	-	-	-	10,106,565
Federal sources	-	48,319	-	-	-	1,370,141
Other receipts	-	-	-	329,957	2,033,620	2,368,094
Total receipts	-	48,319	-	329,957	2,033,620	23,291,627
Disbursements:						
Instruction	-	-	744	-	-	6,815,522
Support services	(411)	20,866	-	-	-	6,191,681
Noninstructional services	-	-	-	-	-	914,638
Facilities acquisition and construction	-	-	-	-	-	9,662,375
Debt service	-	-	-	-	-	3,875,998
Nonprogrammed charges	-	-	-	328,852	2,068,290	4,743,959
Total disbursements	(411)	20,866	744	328,852	2,068,290	32,204,173
Excess (deficiency) of receipts over disbursements	411	27,453	(744)	1,105	(34,670)	(8,912,546)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	20,617
Transfers in	-	-	-	-	-	29,773
Transfers out	-	-	-	-	-	(29,773)
Total other financing sources (uses)	-	-	-	-	-	20,617
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	411	27,453	(744)	1,105	(34,670)	(8,891,929)
Cash and investments - ending	\$ -	\$ -	\$ (1,491)	\$ 6,548	\$ 51,257	\$ 8,827,094

WHITKO 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
Cash and investments - beginning	\$ 762,707	\$ 1,956,681	\$ 20,456	\$ 1,100,462	\$ 359,208	\$ 239,829	\$ 20,134
Receipts:							
Local sources	124,751	3,595,920	-	1,762,876	967,975	311,362	2,678
Intermediate sources	164	-	-	-	-	-	-
State sources	9,832,749	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	3,600	4,123	-	-
Total receipts	9,957,664	3,595,920	-	1,766,476	972,098	311,362	2,678
Disbursements:							
Instruction	6,091,974	-	-	-	-	-	-
Support services	3,382,566	-	-	718,061	791,460	298,400	-
Noninstructional services	199,739	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	689,923	-	-	-
Debt service	-	3,448,424	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	9,674,279	3,448,424	-	1,407,984	791,460	298,400	-
Excess (deficiency) of receipts over disbursements	283,385	147,496	-	358,492	180,638	12,962	2,678
Other financing sources (uses):							
Sale of capital assets	255	-	-	-	-	-	-
Transfers in	-	-	-	-	103	-	60,000
Transfers out	-	-	-	-	(60,000)	-	-
Total other financing sources (uses)	255	-	-	-	(59,897)	-	60,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	283,640	147,496	-	358,492	120,741	12,962	62,678
Cash and investments - ending	\$ 1,046,347	\$ 2,104,177	\$ 20,456	\$ 1,458,954	\$ 479,949	\$ 252,791	\$ 82,812

WHITKO 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

	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates
Cash and investments - beginning	\$ 55,236	\$ 2,985,531	\$ 431,511	\$ 207,544	\$ 560,931	\$ 103	\$ 4,295
Receipts:							
Local sources	21	279,709	322,275	267,488	1,008,258	-	-
Intermediate sources	-	-	-	-	-	-	111
State sources	-	-	209,052	53,710	-	-	-
Federal sources	-	-	192,452	-	-	-	-
Other receipts	-	-	953	-	-	-	-
Total receipts	21	279,709	724,732	321,198	1,008,258	-	111
Disbursements:							
Instruction	14,354	-	-	-	-	-	-
Support services	7,150	-	5,537	232,082	7,531	-	-
Noninstructional services	-	-	699,913	-	-	-	-
Facilities acquisition and construction	-	2,413,355	204,890	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	30,000	-	1,561,658	-	-
Total disbursements	21,504	2,413,355	940,340	232,082	1,569,189	-	-
Excess (deficiency) of receipts over disbursements	(21,483)	(2,133,646)	(215,608)	89,116	(560,931)	-	111
Other financing sources (uses):							
Sale of capital assets	-	1,183	-	-	-	-	-
Transfers in	-	-	14,608	-	-	-	-
Transfers out	-	-	(14,608)	-	-	(103)	-
Total other financing sources (uses)	-	1,183	-	-	-	(103)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,483)	(2,132,463)	(215,608)	89,116	(560,931)	(103)	111
Cash and investments - ending	\$ 33,753	\$ 853,068	\$ 215,903	\$ 296,660	\$ -	\$ -	\$ 4,406

WHITKO 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

	Log Cabin Donations	Donation for SWES Coats	Summer Arts - WHS	Tobacco-Free Grant	INSAI Grant - SWES	EMT Donations	Health Program
Cash and investments - beginning	\$ 311	\$ -	\$ 997	\$ 3,794	\$ 526	\$ 624	\$ 67
Receipts:							
Local sources	-	-	1,200	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	1,200	-	-	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	79	-	-	-	-	-	-
Facilities acquisition and construction	-	91	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	79	91	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(79)	(91)	1,200	-	-	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(79)	(91)	1,200	-	-	-	-
Cash and investments - ending	\$ 232	\$ (91)	\$ 2,197	\$ 3,794	\$ 526	\$ 624	\$ 67

WHITKO 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

	Eye Care Donation For Students	Whitley Cares	TCU STEM Donations WMS	REMC - Northern Gases Donations	CBI Donation	Library Technology	Donald Love Scholarship
Cash and investments - beginning	\$ (1,211)	\$ 42	\$ 302	\$ 1,083	\$ 3,400	\$ (43)	\$ 2,007
Receipts:							
Local sources	-	-	-	-	400	-	50
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	400	-	50
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	(1,316)	-	-	-	1,625	(43)	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	250
Total disbursements	(1,316)	-	-	-	1,625	(43)	250
Excess (deficiency) of receipts over disbursements	1,316	-	-	-	(1,225)	43	(200)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,316	-	-	-	(1,225)	43	(200)
Cash and investments - ending	\$ 105	\$ 42	\$ 302	\$ 1,083	\$ 2,175	\$ -	\$ 1,807

WHITKO 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

	Driver Education	DEKKO Grant - Technology	Whitley County STEM	Hands Foundation	DEKKO Grant	PTLW Gateway Grant	PTLW - DEKKO
Cash and investments - beginning	\$ 23,551	\$ 56	\$ 212	\$ 6,639	\$ (321)	\$ (553)	\$ -
Receipts:							
Local sources	22,800	-	-	5,521	6,271	-	49,569
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	22,800	-	-	5,521	6,271	-	49,569
Disbursements:							
Instruction	26,003	-	-	4,466	66	-	38,449
Support services	-	-	-	626	-	(553)	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	26,003	-	-	5,092	66	(553)	38,449
Excess (deficiency) of receipts over disbursements	(3,203)	-	-	429	6,205	553	11,120
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,203)	-	-	429	6,205	553	11,120
Cash and investments - ending	\$ 20,348	\$ 56	\$ 212	\$ 7,068	\$ 5,884	\$ -	\$ 11,120

WHITKO 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

	Formative Assessment	High Ability 2014-15	High Ability 2015-16	High Ability 2016-17	High Ability 2012-13	High Ability 2013-14	School Technology
Cash and investments - beginning	\$ -	\$ 13,587	\$ -	\$ -	\$ -	\$ 5,066	\$ (31,120)
Receipts:							
Local sources	-	-	333	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	11,570	-	32,320	-	-	-	80,391
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	11,570	-	32,653	-	-	-	80,391
Disbursements:							
Instruction	-	13,587	30,348	21	-	-	-
Support services	-	-	1,972	28	-	-	27,889
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	13,587	32,320	49	-	-	27,889
Excess (deficiency) of receipts over disbursements	11,570	(13,587)	333	(49)	-	-	52,502
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,570	(13,587)	333	(49)	-	-	52,502
Cash and investments - ending	\$ 11,570	\$ -	\$ 333	\$ (49)	\$ -	\$ 5,066	\$ 21,382

WHITKO 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

	PTLW Tech Plan Grant	Performance Based Awards	Performance Award	Miscellaneous Programs	Title I 2014-15	Title I 2015-16	Title I 2012-13
Cash and investments - beginning	\$ 49,569	\$ -	\$ 1,567	\$ (32,152)	\$ (21,454)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	(49,569)	-	63,552	26,779	-	-	-
Federal sources	-	-	-	-	56,377	187,325	-
Other receipts	-	-	-	-	-	-	-
Total receipts	(49,569)	-	63,552	26,779	56,377	187,325	-
Disbursements:							
Instruction	-	-	65,089	-	23,564	199,266	-
Support services	-	-	-	36,874	11,359	17,666	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	65,089	36,874	34,923	216,932	-
Excess (deficiency) of receipts over disbursements	(49,569)	-	(1,537)	(10,095)	21,454	(29,607)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,569)	-	(1,537)	(10,095)	21,454	(29,607)	-
Cash and investments - ending	\$ -	\$ -	\$ 30	\$ (42,247)	\$ -	\$ (29,607)	\$ -

WHITKO 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

	Title I 2013-14	Title I Part D 2013-14	Title I Part D 2014-15	Title I Part D 2015-16	Special Services Preschool	T.A. Grant FY 2014	Special Services Part B 2012-13
Cash and investments - beginning	\$ -	\$ -	\$ (3,787)	\$ -	\$ 184	\$ (174)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	174	-
Federal sources	-	-	3,787	26,921	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	3,787	26,921	-	174	-
Disbursements:							
Instruction	-	-	-	34,648	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	34,648	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	3,787	(7,727)	-	174	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	3,787	(7,727)	-	174	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (7,727)	\$ 184	\$ -	\$ -

WHITKO 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

	Special Services 2009-10 Carryover	Special Services Part B 2013-14	Special Services Part B 2014-15	Special Services Part B 2015-16	Special Services Preschool 2010-11	Special Services Preschool 2012-13	Special Services Preschool 2014-15
Cash and investments - beginning	\$ 95	\$ (395)	\$ (35,673)	\$ -	\$ (80)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	1,150
Federal sources	-	1,449	73,758	271,500	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	1,449	73,758	271,500	-	-	1,150
Disbursements:							
Instruction	-	32	7,621	37,382	-	-	1,205
Support services	-	1,022	33,832	271,404	(80)	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	1,054	41,453	308,786	(80)	-	1,205
Excess (deficiency) of receipts over disbursements	-	395	32,305	(37,286)	80	-	(55)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	395	32,305	(37,286)	80	-	(55)
Cash and investments - ending	\$ 95	\$ -	\$ (3,368)	\$ (37,286)	\$ -	\$ -	\$ (55)

WHITKO 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

	Special Services Preschool 2013-14	Medicaid Reimbursement - Federal	Title III	Non-English Speaking Program	Title II 2014-15	Title II 2015-16
Cash and investments - beginning	\$ (1,217)	\$ 86,737	\$ 987	\$ -	\$ (7,071)	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	1,589	84,534	-	-	-	-
Federal sources	-	-	(987)	-	7,228	58,322
Other receipts	-	-	-	-	-	-
Total receipts	<u>1,589</u>	<u>84,534</u>	<u>(987)</u>	<u>-</u>	<u>7,228</u>	<u>58,322</u>
Disbursements:						
Instruction	372	-	-	-	-	-
Support services	-	49,085	-	-	157	63,883
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>372</u>	<u>49,085</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>63,883</u>
Excess (deficiency) of receipts over disbursements	<u>1,217</u>	<u>35,449</u>	<u>(987)</u>	<u>-</u>	<u>7,071</u>	<u>(5,561)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,217</u>	<u>35,449</u>	<u>(987)</u>	<u>-</u>	<u>7,071</u>	<u>(5,561)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 122,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,561)</u>

WHITKO 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

	Title II 2012-13	Title II 2013-14	Title III 2014-16	Prepaid Food	Payroll Deductions	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,491)	\$ 6,548	\$ 51,257	\$ 8,827,094
Receipts:						
Local sources	-	-	-	-	-	8,729,457
Intermediate sources	-	-	-	-	-	275
State sources	-	-	-	-	-	10,348,001
Federal sources	-	-	2,012	-	-	880,144
Other receipts	-	-	-	305,768	2,184,607	2,499,051
Total receipts	-	-	2,012	305,768	2,184,607	22,456,928
Disbursements:						
Instruction	-	-	521	-	-	6,588,968
Support services	-	-	933	-	-	5,959,150
Noninstructional services	-	-	-	-	-	899,731
Facilities acquisition and construction	-	-	-	-	-	3,308,259
Debt service	-	-	-	-	-	3,448,424
Nonprogrammed charges	-	-	-	306,302	2,170,310	4,068,520
Total disbursements	-	-	1,454	306,302	2,170,310	24,273,052
Excess (deficiency) of receipts over disbursements	-	-	558	(534)	14,297	(1,816,124)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	1,438
Transfers in	-	-	-	-	-	74,711
Transfers out	-	-	-	-	-	(74,711)
Total other financing sources (uses)	-	-	-	-	-	1,438
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	558	(534)	14,297	(1,814,686)
Cash and investments - ending	\$ -	\$ -	\$ (933)	\$ 6,014	\$ 65,554	\$ 7,012,408

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WHITKO COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 315,328</u>	<u>\$ -</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Whitko High School Building Corporation	Elem Renovation and Construction	\$ 816,500	11/18/2013	11/18/2034
Whitko High School Building Corporation	Additions & Renovations	<u>2,474,500</u>	11/16/2015	12/31/2019
Total of annual lease payments		<u>\$ 3,291,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	GO Bonds 2013	<u>\$ 75,000</u>	<u>\$ 75,300</u>

WHITKO 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	\$ 192,410
Infrastructure	41,190
Buildings	52,614,604
Improvements other than buildings	1,234,179
Machinery, equipment, and vehicles	<u>4,029,495</u>
 Total capital assets	 <u>\$ 58,111,878</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE WHITKO COMMUNITY SCHOOL  
CORPORATION, KOSCIUSKO COUNTY, INDIANA

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

We have audited the Whitko 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.

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

***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in items 2016-001 and 2016-002, in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles and Equipment and Real Property Management that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on the Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

***Unmodified Opinion on the Special Education Cluster (IDEA)***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

***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 and 2016-005. 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.

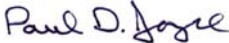
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, 2016-003, 2016-004, and 2016-005 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

February 22, 2018

#### 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.

WHITKO 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 Pass-Through 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 Dept of Education	10.553	FY14-15 FY15-16	\$ - -	\$ 58,260 -	\$ - -	\$ - 64,000
Total - School Breakfast Program				-	58,260	-	64,000
National School Lunch Program		10.555	FY14-15 FY15-16	- -	331,629 -	- -	- 325,994
Commodities			FY14-16	-	49,385	-	46,863
Total - National School Lunch Program				-	381,014	-	372,857
Summer Food Service Program for Children		10.559	FY15-16	-	-	-	3,017
Total - Child Nutrition Cluster				-	439,274	-	439,874
Total - Department of Agriculture				-	439,274	-	439,874
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	Indiana Dept of Education	84.010					
Part A			14-4455	-	90,670	-	-
Part D			14-4455	-	34,355	-	-
Part A			15-4455	-	244,206	-	56,377
Part D			15-4455	-	48,675	-	-
Part A			16-4455	-	-	-	187,325
Part D			16-4455	-	-	-	26,921
Total - Title I Grants to Local Educational Agencies				-	417,906	-	270,623
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Dept of Education	84.027	14213-045-PN01 14214-045-PN01 99914-045-TA01	- - -	80 164,870 4,758	- - -	- 1,449 174
	Indiana Dept of Education		14215-146-PN01 14216-115-PN01	- -	289,233 -	- -	75,947 269,311
Total - Special Education_Grants to States				-	458,941	-	346,881

WHITKO 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 Pass-Through Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education_Preschool Grants	Indiana Dept of Education	84.173	45713-045-PN01	-	231	-	-
			45714-045-PN01	-	1,920	-	1,589
	Indiana Dept of Education		45715-146-PN01	-	2,497	-	1,150
Total - Special Education_Preschool Grants				-	4,648	-	2,739
Total - Special Education Cluster (IDEA)				-	463,589	-	349,620
English Language Acquisition State Grants	Bremen Community Schools	84.365	FY 2013	-	987	-	-
			FY 2014	-	-	-	1,025
Total - English Language Acquisition State Grants				-	987	-	1,025
Supporting Effective Instruction State Grants	Indiana Dept of Education	84.367	FY 2013	-	48,319	-	-
			FY 2014	-	58,626	-	7,228
			FY 2015	-	-	-	58,322
Total - Supporting Effective Instruction State Grants				-	106,945	-	65,550
Total - Department of Education				-	989,427	-	686,818
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Dept of Education	93.778					
Medicaid Reimbursements for IEP Services			FY 2015	-	5,563	-	-
Medicaid Reimbursements for IEP Services			FY 2016	-	-	-	7,399
Medicaid Administrative Claiming			FY 2015	-	21,198	-	-
Medicaid Administrative Claiming			FY 2016	-	-	-	23,514
Total - Department of Health and Human Services				-	26,761	-	30,913
Total federal awards expended				\$ -	\$ 1,455,462	\$ -	\$ 1,157,605

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

WHITKO 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.



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

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

**FINDING 2016-001**

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Context*

Management of the School Corporation had not established an effective internal control system to ensure that only allowable costs were paid with food service program funds. Internal control issues were systematic, occurring throughout the audit period. The School Corporation charged indirect costs directly to the food service program, rather than to charge the Indirect Cost Unrestricted Rate. The School Corporation also charged utilities expenses as a lump sum indirect cost, rather than using the Indirect Cost Unrestricted Rate or another approved rate. This was in violation of the requirement that all federal programs be handled consistently for applying indirect costs.

The following indirect costs charged directly to the food service program are considered questioned costs:

1. The food service program paid 12.5 percent of custodians' salaries for fiscal year 2014-2015 and fiscal year 2015-2016. The custodians did not maintain Personnel Activity Reports or documentation of personnel expenses to support the percentage of their salary being charged to the food service program. The amount of custodial salaries charged to the food service program without proper supporting documentation totaled \$43,250.
2. The food service program charged amounts for Workers Compensation Insurance premiums directly to the School Lunch fund for fiscal year 2014-2015 and fiscal year 2015-2016 rather than using the Indirect Cost Unrestricted Rate. Total amount of Workers Compensation Insurance premiums charged directly to the food service program totaled \$5,302.

The following represents costs charged indirectly to the food service program without using the Indirect Cost Unrestricted Rate and are considered questioned costs:

The food service program paid a set amount of \$27,500 in fiscal year 2014-2015 and \$30,000 in fiscal year 2015-2016 for utilities that were charged indirectly. This amount was not determined using the Indirect Cost Unrestricted Rate, rather it was a flat rate arbitrarily decided on by management of the School Corporation and allocated among the schools in the School Corporation.

WHITKO 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 A, section C.1 states in part:

"Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented."

OMB Circular A-87, Attachment B, section 8h states in part:

". . . (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award . . .

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,

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

(c) They must be prepared at least monthly and must coincide with one or more pay periods, and

(d) They must be signed by the employee. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

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. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system at the School Corporation enabled non-compliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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

*Questioned Costs*

Known questioned costs identified totaled \$105,652.

*Recommendation*

We recommended that the School Corporation's management establish effective controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2016-002**

Subject: Child Nutrition Cluster - Equipment and Real Property Management  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16  
Pass-Through Entity: Indiana Dept of Education  
Compliance Requirement: Equipment and Real Property Management  
Audit Findings: Material Weakness, Modified Opinion

*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 Equipment and Real Property Management compliance requirement.

*Context*

The School Corporation had a lack of internal controls and had not maintained property records throughout the audit period.

The School Corporation did not maintain property records that included a description of the property, a serial number or other identification number, the source of the property, who holds the title, the acquisition date, cost of the property, percentage of federal participation in the cost of the property, the location, and use and condition of the property.

*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. . . ."

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

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 3016.32(d) states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated. . . ."

2 CFR 200.313(d) states:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

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

- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured that appropriate property records were maintained.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Equipment and Real Property Management 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 2016-003**

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

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16

Pass-Through Entity: Indiana Dept 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.

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

The verification process was performed on a predetermined percentage of applications. For the 2014-2015 and 2015-2016 school years, a total of 16 applications were verified by the School Corporation officials, as required. Of the 16 verified applications tested, one application from the 2014-2015 school year resulted in an incorrect eligibility determination. The incorrect eligibility determination was due to using the prior year's Federal W-2 wage and tax statement rather than current income.

*Context*

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

*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 245.6a(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."

*Cause*

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

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

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

*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 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.

**FINDING 2016-004**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY14-15, FY15-16

Pass-Through Entity: Indiana Dept of Education

Compliance Requirements: Cash Management, Eligibility, Reporting, Special Tests  
and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Reporting, and Special Tests and Provisions - Paid Lunch Equity.

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

Management of the School Corporation had not established documented controls to ensure the School Lunch fund cash balances did not exceed the three months average expenditures.

*Eligibility*

There were no controls in place to ensure that eligibility determinations were performed when required or were accurate. The Cafeteria Manager at Pierceton Elementary School independently completed the eligibility determinations. There was no segregation of duties, such as an oversight, review, or approval process.

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports, School Food Authority (SFA) Verification Collection Reports, and Monthly Sponsor Claims (claims for reimbursement) were accurate prior to submission. One person prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

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

*Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program)*

There were no controls in place to ensure that Paid Lunch Equity calculations were completed when required or were accurate. The Director of Financial Operations completed and submitted the Paid Lunch Equity Calculator. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

The lack of properly designed and implemented controls was a systemic problem, which occurred 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*

The School Corporation had not established and implemented an effective internal control system that segregated key functions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

WHITKO 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 the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2016-005**

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): 14213-045-PN01, 14214-045-PN01,  
99914-045-TA01, 14215-146-PN01,  
14216-115-PN01, 45713-045-PN01,  
45714-045-PN01, 45715-146-PN01

Pass-Through Entity: Indiana Dept of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

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

The School Corporation had not implemented adequate controls to ensure that Semi-Annual Certifications and Personnel Activity Reports or other documentation of personnel expenses were prepared.

*Context*

Based on testing of 6 payroll periods during the period under audit, Semi-Annual Certifications or other documentation of personnel expenses were not prepared for any employees requiring certification and Personnel Activity Reports or other documentation of personnel expenses were not prepared in 21 of 32 reports.

*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. . . ."

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

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 A-87 Attachment B, section 8h states in part:

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

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); . . .

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

- (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. . . ."

*Cause*

The School Corporation was not aware of this compliance requirement during the audit period. 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 enabled 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 Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

**CORRECTIVE ACTION PLAN**

Audit Period 7/1/14-6/30/16

***FINDING 2016-001***

Contact Person Responsible for Corrective Action: Michelle Babcock

Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko Community School Corporation already has Indirect Cost Rates assigned by the IDOE to be used with this fund and is currently making the necessary corrections for SY 2017-2018. The custodial salaries and workers compensation that were charged directly to the food service program will be added to the indirect rate and the indirect rate applied to the food service program will be approved by the school board and then transferred accordingly.

Anticipated Completion Date: Anticipated Completion March 2018.

***FINDING 2016-002***

Contact Person Responsible for Corrective Action: Michelle Babcock

Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko Community School Corporation will create and maintain a list of all equipment with an acquisition value over \$5000 purchased with the food service program funds. The list will be reviewed annually and updated accordingly as changes accrue by the Director of Financial Operations and the Director of Operations.

Anticipated Completion Date: June 30, 2018.

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: Michelle Babcock

Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko School Corporation will review and adjust their internal controls procedures regarding eligibility and verification. The employees have been trained in the procedures and will continue yearly to be trained on any additional procedures or changes.

Anticipated Completion Date: Partially completed February 20, 2018 anticipated completion June 30, 2018.

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Michelle Babcock

Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Whitko School Corporation will review and adjust the internal controls for the Child Nutrition Cluster. Whitko will begin using a check and balance system, the corporation treasurer will prepare the annual financial report, PLE, and Non-Program food reports and they will be verified by the Deputy Treasurer of the school corporation. The monthly reports consisting of school lunch claim, cafeteria fund balance, pre-paid food fund balance will be prepared by the Corporation Treasurer and verified by the Deputy Treasurer of the school corporation and the reports will continue to be approved by the School Board.

Anticipated Completion Date: Completed January 31, 2018.

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Michelle Babcock and Heather Butcher

Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding

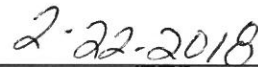
Description of Corrective Action Plan: Whitko School Corporation has already implemented the time and effort logs to support the personnel salary for the Special Education Cluster with the SY 2017-2018.

Anticipated Completion Date: Completed August 1, 2017.



Michelle Babcock

Director of Financial Operations



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/>.