

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH WHITE SCHOOL CORPORATION
WHITE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
06/25/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-29
Schedule of Payables and Receivables	31
Schedule of Leases and Debt	32
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	40-41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Findings and Questioned Costs	43-48
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	50-56
Corrective Action Plan	57-59
Other Reports.....	60

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shellie Ruemler	07-01-15 to 06-30-18
Superintendent of Schools	Dr. Teresa Gremaux	07-01-15 to 06-30-18
President of the School Board	Brian Pogue James White	01-01-15 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the North White School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 May 29, 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

May 29, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North White School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated May 29, 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 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 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. 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 of 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

May 29, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

(This page intentionally left blank.)

NORTH WHITE SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 1,850,432	\$ 5,607,709	\$ 5,602,225	\$ 11,284	\$ 1,867,200	\$ 5,659,578	\$ 5,722,328	\$ 13,804	\$ 1,818,254
Debt Service	628,048	1,260,109	1,443,174	(8,326)	436,657	1,374,843	1,426,281	(1,859)	383,360
Retirement/Severance Bond Debt Service	21,659	150,013	179,416	7,744	-	54,566	38,757	(7,744)	8,065
Capital Projects	723,587	1,186,567	1,098,327	-	811,827	1,324,520	1,071,176	-	1,065,171
School Transportation	366,567	773,147	688,743	-	450,971	832,067	712,938	-	570,100
School Bus Replacement	187,750	166,876	83,391	-	271,235	199,255	191,557	9,500	288,433
Rainy Day	852,116	-	1,930	100,926	951,112	-	169,146	74,013	855,979
Construction	-	2,019,900	764,205	135,000	1,390,695	-	1,178,413	-	212,282
School Lunch	41,118	486,294	477,824	285	49,873	465,004	446,892	10,917	78,902
Textbook Rental	27,588	66,216	53,558	11,327	51,573	67,527	115,683	1,858	5,275
Levy Excess	210	-	-	-	210	-	-	-	210
Early Intervention Grant 2016/17	-	-	-	-	-	4,851	4,851	-	-
Manchester Grant	-	-	-	-	-	20,255	20,255	-	-
IELIG Grant 2016	-	2,112	1,215	-	897	12,675	13,572	-	-
Lilly Grant 2017	-	-	-	-	-	27,076	19,318	-	7,758
IAHPERD Grant	113	-	-	-	113	-	-	-	113
Scholarships and Awards	120	-	-	-	120	100	-	-	220
High School Counselor	-	-	-	-	-	18,104	21,510	-	(3,406)
Donations and Bequests	9,039	7,475	9,524	-	6,990	8,508	5,403	-	10,095
White County Award	85	-	-	-	85	-	-	-	85
NIPSCO Voc. Tech. Donation	-	5,000	-	-	5,000	-	-	-	5,000
Partners Drug Free Grant	-	2,700	1,697	-	1,003	2,965	2,146	-	1,822
Formative Assessment	-	-	-	-	-	11,214	10,921	-	293
Gifted/ Talented 2008-2009	17	-	-	-	17	-	-	-	17
Principal Leadership Academy	10,061	28,854	30,311	-	8,604	28,255	32,135	-	4,724
Adult and Continuing Education	(12,029)	14,901	2,872	-	-	-	-	-	-
Adult Education AD	(128)	128	-	-	-	-	-	-	-
Medicaid Reimbursement	42	-	-	-	42	-	-	-	42
Secured Schools Safety Grant	-	-	20,820	20,820	-	33,060	12,240	(20,820)	-
Non-English Speaking Programs	1,906	31,395	32,130	-	1,171	38,573	29,642	-	10,102
School Technology	2,917	4,404	5,272	-	2,049	6,308	5,149	-	3,208
Career and Technical Performance Grant	-	-	-	-	-	4,058	2,374	-	1,684
Indiana Graduation Rate Performance Award	879	-	-	-	879	-	-	-	879
Title I 08/09	99	-	-	-	99	-	-	-	99
Title I 11/12 & 12/13	(16,623)	238,385	238,708	16,933	(13)	216,499	241,614	(16,933)	(42,061)
Title I Migrant	(899)	10,145	9,246	-	-	-	-	-	-
Adult Ed. Prof. Deve	(315)	540	-	-	225	-	-	-	225
Adult Education	(2,837)	5,758	2,921	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	(2,995)	26,955	48,819	24,859	-	64,118	52,376	(24,859)	(13,117)
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	28,758	38,405	-	(9,647)
Title III - English Proficiency Migrant	(1,193)	17,807	20,270	3,656	-	37,045	33,389	(3,656)	-
Clearing Fund	20,031	1,574,211	1,576,648	-	17,594	1,596,623	1,594,546	-	19,671
Extra Curricular Wages	184	1,157	1,308	-	34	1,319	1,318	-	35
Totals	\$ 4,707,549	\$ 13,688,758	\$ 12,394,554	\$ 324,508	\$ 6,326,262	\$ 12,137,724	\$ 13,214,335	\$ 34,221	\$ 5,283,871

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

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

NORTH WHITE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

NORTH WHITE 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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being setup for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not always received by June 30, 2016 and 2017.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the North White Elementary 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 ended June 30, 2016 and 2017, totaled \$811,000 and \$1,065,000, respectively.

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 1,850,432	\$ 628,048	\$ 21,659	\$ 723,587	\$ 366,567	\$ 187,750	\$ 852,116	\$ -
Receipts:								
Local sources	14,093	1,260,109	150,013	1,160,533	766,487	166,876	-	2,019,900
Intermediate sources	554	-	-	-	-	-	-	-
State sources	5,593,062	-	-	26,034	6,660	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>5,607,709</u>	<u>1,260,109</u>	<u>150,013</u>	<u>1,186,567</u>	<u>773,147</u>	<u>166,876</u>	<u>-</u>	<u>2,019,900</u>
Disbursements:								
Instruction	3,533,970	-	-	-	-	-	-	-
Support services	1,944,680	415	-	563,197	688,743	83,391	1,930	19,900
Noninstructional services	123,575	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	535,130	-	-	-	744,305
Debt service	-	1,442,759	179,416	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,602,225</u>	<u>1,443,174</u>	<u>179,416</u>	<u>1,098,327</u>	<u>688,743</u>	<u>83,391</u>	<u>1,930</u>	<u>764,205</u>
Excess (deficiency) of receipts over disbursements	<u>5,484</u>	<u>(183,065)</u>	<u>(29,403)</u>	<u>88,240</u>	<u>84,404</u>	<u>83,485</u>	<u>(1,930)</u>	<u>1,255,695</u>
Other financing sources (uses):								
Sale of capital assets	11,284	3,001	-	-	-	-	174,939	135,000
Transfers in	-	-	7,744	-	-	-	-	-
Transfers out	-	(11,327)	-	-	-	-	(74,013)	-
Total other financing sources (uses)	<u>11,284</u>	<u>(8,326)</u>	<u>7,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,926</u>	<u>135,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>16,768</u>	<u>(191,391)</u>	<u>(21,659)</u>	<u>88,240</u>	<u>84,404</u>	<u>83,485</u>	<u>98,996</u>	<u>1,390,695</u>
Cash and investments - ending	<u>\$ 1,867,200</u>	<u>\$ 436,657</u>	<u>\$ -</u>	<u>\$ 811,827</u>	<u>\$ 450,971</u>	<u>\$ 271,235</u>	<u>\$ 951,112</u>	<u>\$ 1,390,695</u>

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

	School Lunch	Textbook Rental	Levy Excess	Early Intervention Grant 2016/17	Manchester Grant	IELIG Grant 2016	Lilly Grant 2017	IAHPERD Grant
Cash and investments - beginning	\$ 41,118	\$ 27,588	\$ 210	\$ -	\$ -	\$ -	\$ -	\$ 113
Receipts:								
Local sources	110,725	17,838	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	48,378	-	-	-	2,112	-	-
Federal sources	375,569	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>486,294</u>	<u>66,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,112</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	15,140	-	-	-	-	1,216	-	-
Support services	1,732	53,558	-	-	-	(1)	-	-
Noninstructional services	460,952	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>477,824</u>	<u>53,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,215</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,470</u>	<u>12,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>897</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	285	-	-	-	-	-	-	-
Transfers in	-	11,327	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>285</u>	<u>11,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>8,755</u>	<u>23,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>897</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 49,873</u>	<u>\$ 51,573</u>	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ 113</u>

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

	Scholarships and Awards	High School Counselor	Donations and Bequests	White County Award	NIPSCO Voc.Tech. Donation	Partners Drug Free Grant	Formative Assessment
Cash and investments - beginning	\$ 120	\$ -	\$ 9,039	\$ 85	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	5,475	-	5,000	2,700	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	2,000	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	7,475	-	5,000	2,700	-
Disbursements:							
Instruction	-	-	9,524	-	-	1,697	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	9,524	-	-	1,697	-
Excess (deficiency) of receipts over disbursements	-	-	(2,049)	-	5,000	1,003	-
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	-	-	(2,049)	-	5,000	1,003	-
Cash and investments - ending	\$ 120	\$ -	\$ 6,990	\$ 85	\$ 5,000	\$ 1,003	\$ -

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

	Gifted/ Talented 2008-2009	Principal Leadership Academy	Adult and Continuing Education	Adult Education AD	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 17	\$ 10,061	\$ (12,029)	\$ (128)	\$ 42	\$ -	\$ 1,906
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	28,854	14,901	128	-	-	31,395
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	28,854	14,901	128	-	-	31,395
Disbursements:							
Instruction	-	30,311	2,755	-	-	-	31,600
Support services	-	-	117	-	-	20,820	-
Noninstructional services	-	-	-	-	-	-	530
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	30,311	2,872	-	-	20,820	32,130
Excess (deficiency) of receipts over disbursements	-	(1,457)	12,029	128	-	(20,820)	(735)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	20,820	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	20,820	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,457)	12,029	128	-	-	(735)
Cash and investments - ending	\$ 17	\$ 8,604	\$ -	\$ -	\$ 42	\$ -	\$ 1,171

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

	School Technology	Career and Technical Performance Grant	Indiana Graduation Rate Performance Award	Title I 08/09	Title I 11/12 & 12/13	Title I Migrant	Adult Ed. Prof. Deve
Cash and investments - beginning	\$ 2,917	\$ -	\$ 879	\$ 99	\$ (16,623)	\$ (899)	\$ (315)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	4,404	-	-	-	-	-	-
Federal sources	-	-	-	-	238,385	10,145	540
Other receipts	-	-	-	-	-	-	-
Total receipts	4,404	-	-	-	238,385	10,145	540
Disbursements:							
Instruction	-	-	-	-	204,280	7,521	-
Support services	5,272	-	-	-	33,469	1,725	-
Noninstructional services	-	-	-	-	959	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,272	-	-	-	238,708	9,246	-
Excess (deficiency) of receipts over disbursements	(868)	-	-	-	(323)	899	540
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	16,933	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	16,933	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(868)	-	-	-	16,610	899	540
Cash and investments - ending	\$ 2,049	\$ -	\$ 879	\$ 99	\$ (13)	\$ -	\$ 225

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

	Adult Education	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - English Proficiency Migrant	Clearing Fund	Extra Curricular Wages	Totals
Cash and investments - beginning	\$ (2,837)	\$ (2,995)	\$ -	\$ (1,193)	\$ 20,031	\$ 184	\$ 4,707,549
Receipts:							
Local sources	-	-	-	-	-	-	5,679,749
Intermediate sources	-	-	-	-	-	-	554
State sources	-	-	-	-	-	-	5,757,928
Federal sources	5,758	26,955	-	17,807	-	-	675,159
Other receipts	-	-	-	-	1,574,211	1,157	1,575,368
Total receipts	5,758	26,955	-	17,807	1,574,211	1,157	13,688,758
Disbursements:							
Instruction	2,921	15,000	-	9,621	-	-	3,865,556
Support services	-	33,819	-	10,649	-	-	3,463,416
Noninstructional services	-	-	-	-	-	-	586,016
Facilities acquisition and construction	-	-	-	-	-	-	1,279,435
Debt service	-	-	-	-	-	-	1,622,175
Nonprogrammed charges	-	-	-	-	1,576,648	1,308	1,577,956
Total disbursements	2,921	48,819	-	20,270	1,576,648	1,308	12,394,554
Excess (deficiency) of receipts over disbursements	2,837	(21,864)	-	(2,463)	(2,437)	(150)	1,294,205
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	324,509
Transfers in	-	24,859	-	3,656	-	-	85,339
Transfers out	-	-	-	-	-	-	(85,340)
Total other financing sources (uses)	-	24,859	-	3,656	-	-	324,508
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,837	2,995	-	1,193	(2,437)	(150)	1,618,713
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 17,594	\$ 34	\$ 6,326,262

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 1,867,200	\$ 436,657	\$ -	\$ 811,827	\$ 450,971	\$ 271,235	\$ 951,112	\$ 1,390,695
Receipts:								
Local sources	9,612	1,374,843	54,566	1,218,316	827,416	199,255	-	-
Intermediate sources	554	-	-	-	-	-	-	-
State sources	5,649,412	-	-	106,204	4,651	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>5,659,578</u>	<u>1,374,843</u>	<u>54,566</u>	<u>1,324,520</u>	<u>832,067</u>	<u>199,255</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	3,617,461	-	-	-	-	-	-	-
Support services	1,959,681	416	-	689,787	712,938	191,557	169,146	-
Noninstructional services	145,186	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	381,389	-	-	-	1,178,413
Debt service	-	1,425,865	38,757	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,722,328</u>	<u>1,426,281</u>	<u>38,757</u>	<u>1,071,176</u>	<u>712,938</u>	<u>191,557</u>	<u>169,146</u>	<u>1,178,413</u>
Excess (deficiency) of receipts over disbursements	<u>(62,750)</u>	<u>(51,438)</u>	<u>15,809</u>	<u>253,344</u>	<u>119,129</u>	<u>7,698</u>	<u>(169,146)</u>	<u>(1,178,413)</u>
Other financing sources (uses):								
Sale of capital assets	13,804	(1)	-	-	-	9,500	-	-
Transfers in	-	-	-	-	-	-	74,013	-
Transfers out	-	(1,858)	(7,744)	-	-	-	-	-
Total other financing sources (uses)	<u>13,804</u>	<u>(1,859)</u>	<u>(7,744)</u>	<u>-</u>	<u>-</u>	<u>9,500</u>	<u>74,013</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(48,946)</u>	<u>(53,297)</u>	<u>8,065</u>	<u>253,344</u>	<u>119,129</u>	<u>17,198</u>	<u>(95,133)</u>	<u>(1,178,413)</u>
Cash and investments - ending	<u>\$ 1,818,254</u>	<u>\$ 383,360</u>	<u>\$ 8,065</u>	<u>\$ 1,065,171</u>	<u>\$ 570,100</u>	<u>\$ 288,433</u>	<u>\$ 855,979</u>	<u>\$ 212,282</u>

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	School Lunch	Textbook Rental	Levy Excess	Early Intervention Grant 2016/17	Manchester Grant	IELIG Grant 2016	Lilly Grant 2017	IAHPERD Grant
Cash and investments - beginning	\$ 49,873	\$ 51,573	\$ 210	\$ -	\$ -	\$ 897	\$ -	\$ 113
Receipts:								
Local sources	108,508	20,106	-	-	20,255	-	27,076	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	2,524	47,421	-	4,851	-	12,675	-	-
Federal sources	353,972	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	465,004	67,527	-	4,851	20,255	12,675	27,076	-
Disbursements:								
Instruction	8,812	-	-	4,851	-	7,350	-	-
Support services	1,612	115,683	-	-	20,255	6,222	19,318	-
Noninstructional services	436,468	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	446,892	115,683	-	4,851	20,255	13,572	19,318	-
Excess (deficiency) of receipts over disbursements	18,112	(48,156)	-	-	-	(897)	7,758	-
Other financing sources (uses):								
Sale of capital assets	10,917	-	-	-	-	-	-	-
Transfers in	-	1,858	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	10,917	1,858	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,029	(46,298)	-	-	-	(897)	7,758	-
Cash and investments - ending	\$ 78,902	\$ 5,275	\$ 210	\$ -	\$ -	\$ -	\$ 7,758	\$ 113

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Scholarships and Awards	High School Counselor	Donations and Bequests	White County Award	NIPSCO Voc.Tech. Donation	Partners Drug Free Grant	Formative Assessment
Cash and investments - beginning	\$ 120	\$ -	\$ 6,990	\$ 85	\$ 5,000	\$ 1,003	\$ -
Receipts:							
Local sources	100	17,809	8,508	-	-	2,965	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	295	-	-	-	-	11,214
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>100</u>	<u>18,104</u>	<u>8,508</u>	<u>-</u>	<u>-</u>	<u>2,965</u>	<u>11,214</u>
Disbursements:							
Instruction	-	-	5,403	-	-	2,146	-
Support services	-	21,510	-	-	-	-	10,921
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>21,510</u>	<u>5,403</u>	<u>-</u>	<u>-</u>	<u>2,146</u>	<u>10,921</u>
Excess (deficiency) of receipts over disbursements	<u>100</u>	<u>(3,406)</u>	<u>3,105</u>	<u>-</u>	<u>-</u>	<u>819</u>	<u>293</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>100</u>	<u>(3,406)</u>	<u>3,105</u>	<u>-</u>	<u>-</u>	<u>819</u>	<u>293</u>
Cash and investments - ending	<u>\$ 220</u>	<u>\$ (3,406)</u>	<u>\$ 10,095</u>	<u>\$ 85</u>	<u>\$ 5,000</u>	<u>\$ 1,822</u>	<u>\$ 293</u>

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Gifted/ Talented 2008-2009	Principal Leadership Academy	Adult and Continuing Education	Adult Education AD	Medicaid Reimbursement	Secured Schools Safety Grant	Non-English Speaking Programs
Cash and investments - beginning	\$ 17	\$ 8,604	\$ -	\$ -	\$ 42	\$ -	\$ 1,171
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	28,255	-	-	-	33,060	38,573
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	28,255	-	-	-	33,060	38,573
Disbursements:							
Instruction	-	31,244	-	-	-	-	29,642
Support services	-	891	-	-	-	12,240	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	32,135	-	-	-	12,240	29,642
Excess (deficiency) of receipts over disbursements	-	(3,880)	-	-	-	20,820	8,931
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(20,820)	-
Total other financing sources (uses)	-	-	-	-	-	(20,820)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,880)	-	-	-	-	8,931
Cash and investments - ending	\$ 17	\$ 4,724	\$ -	\$ -	\$ 42	\$ -	\$ 10,102

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	School Technology	Career and Technical Performance Grant	Indiana Graduation Rate Performance Award	Title I 08/09	Title I 11/12 & 12/13	Title I Migrant	Adult Ed. Prof. Deve
Cash and investments - beginning	\$ 2,049	\$ -	\$ 879	\$ 99	\$ (13)	\$ -	\$ 225
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	6,308	4,058	-	-	-	-	-
Federal sources	-	-	-	-	216,499	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	6,308	4,058	-	-	216,499	-	-
Disbursements:							
Instruction	-	2,374	-	-	111,072	-	-
Support services	5,149	-	-	-	130,542	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,149	2,374	-	-	241,614	-	-
Excess (deficiency) of receipts over disbursements	1,159	1,684	-	-	(25,115)	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(16,933)	-	-
Total other financing sources (uses)	-	-	-	-	(16,933)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,159	1,684	-	-	(42,048)	-	-
Cash and investments - ending	\$ 3,208	\$ 1,684	\$ 879	\$ 99	\$ (42,061)	\$ -	\$ 225

NORTH WHITE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Adult Education	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Title III - English Proficiency Migrant	Clearing Fund	Extra Curricular Wages	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 17,594	\$ 34	\$ 6,326,262
Receipts:							
Local sources	-	-	-	-	-	-	3,889,335
Intermediate sources	-	-	-	-	-	-	554
State sources	-	-	28,758	-	-	-	5,978,259
Federal sources	-	64,118	-	37,045	-	-	671,634
Other receipts	-	-	-	-	1,596,623	1,319	1,597,942
Total receipts	-	64,118	28,758	37,045	1,596,623	1,319	12,137,724
Disbursements:							
Instruction	-	10,000	10,625	-	-	-	3,840,980
Support services	-	42,376	10,500	33,389	-	-	4,154,133
Noninstructional services	-	-	-	-	-	-	581,654
Facilities acquisition and construction	-	-	17,280	-	-	-	1,577,082
Debt service	-	-	-	-	-	-	1,464,622
Nonprogrammed charges	-	-	-	-	1,594,546	1,318	1,595,864
Total disbursements	-	52,376	38,405	33,389	1,594,546	1,318	13,214,335
Excess (deficiency) of receipts over disbursements	-	11,742	(9,647)	3,656	2,077	1	(1,076,611)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	34,220
Transfers in	-	-	-	-	-	-	75,871
Transfers out	-	(24,859)	-	(3,656)	-	-	(75,870)
Total other financing sources (uses)	-	(24,859)	-	(3,656)	-	-	34,221
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(13,117)	(9,647)	-	2,077	1	(1,042,390)
Cash and investments - ending	\$ -	\$ (13,117)	\$ (9,647)	\$ -	\$ 19,671	\$ 35	\$ 5,283,871

(This page intentionally left blank.)

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 607,287</u>	<u>\$ 68,231</u>

NORTH WHITE SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
North White Elementary School Building Corporation	Renovations and Improvements	<u>\$ 689,000</u>	06/30/2016	12/31/2019

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds		2015 Construction GO Bonds	<u>\$ 1,670,000</u>	<u>\$ 686,415</u>

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 350,000
Infrastructure	1,888,340
Buildings	18,200,375
Improvements other than buildings	759,415
Machinery, equipment, and vehicles	<u>2,704,984</u>
Total capital assets	<u>\$ 23,903,114</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for the Major Federal Program

We have audited the North White School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. Except as discussed below, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2017-001 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

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

As described in item 2017-002 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment 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 Child Nutrition Cluster

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph and the noncompliance described in the *Basis for Qualified Opinion on 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, 2015 to June 30, 2017.

Other 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

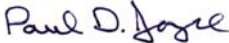
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002, and 2017-003, that we consider to be material weaknesses.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 29, 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.

NORTH WHITE SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2016, FY 2017	\$ -	\$ 77,598	\$ -	\$ 62,748
School Breakfast Program							
Total - School Breakfast Program				-	77,598	-	62,748
National School Lunch Program							
School Lunch Program		10.555	FY 2016, FY 2017	-	297,971	-	291,224
School Lunch - Commodities		10.555	FY 2016, FY 2017	-	27,917	-	41,832
Total - National School Lunch Program				-	325,888	-	333,056
Total - Child Nutrition Cluster				-	403,486	-	395,804
Total - Department Of Agriculture				-	403,486	-	395,804
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants To States							
Special Education- IDEA Part B Section 611	Indiana Department of Education	84.027	14214-051-PN01	-	1,328	-	-
Special Education- IDEA Part B Section 611		84.027	14215-051-PN01	-	63,701	-	-
Special Education- IDEA Part B Section 611		84.027	14216-049-PN01	-	179,478	-	55,243
Special Education- IDEA Part B Section 611		84.027	14217-049-PN01	-	-	-	189,978
Sp.Ed.Part B Federal Tech.Asst.Grant		84.027	FY2014	-	87	-	-
Total - Special Education_Grants to States				-	244,594	-	245,221
Special Education_Preschool Grants							
Special Education IDEA Part B Section 619		84.173	45715-051-PN01	-	1,880	-	-
Special Education IDEA Part B Section 619		84.173	45716-049-PN01	-	3,393	-	1,636
Special Education IDEA Part B Section 619		84.173	45717-049-PN01	-	-	-	2,406
Total - Special Education_Preschool Grants				-	5,273	-	4,042
Total - Special Education Cluster (IDEA)				-	249,867	-	249,263
Adult Education - Basic Grants To States							
Adult Education 2014-2015	Indiana Department of Workforce Development	84.002	2014-2015	-	6,298	-	-
Total - Adult Education - Basic Grants to States				-	6,298	-	-

NORTH WHITE SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies							
Title I Grants to Local Educational Agencies Part A							
Title I Part A							
		84.010	2014-2015	-	46,859	-	-
		84.010	2015-2016	-	191,525	-	60,668
		84.010	2016-2017	-	-	-	155,831
Total - Title I Grants to Local Educational Agencies				-	238,384	-	216,499
Migrant Education State Grant Program							
Indiana Department of Education							
Title I, Part C, Migrant Education							
		84.011	2013-2015	-	10,145	-	-
Total - Migrant Education State Grant Program				-	10,145	-	-
Rural Education							
Indiana Department of Education							
Rural & Low Income Schools							
		84.358	FY 2014	-	-	-	17,280
		84.358	FY 2015	-	-	-	11,478
Total - Rural Education				-	-	-	28,758
English Language Acquisition State Grants							
Indiana Department of Education							
Title III Part A, English Language Acquisition State Grants							
		84.365	2013-2014	-	2,945	-	-
		84.365	2014-2015	-	13,454	-	7,062
		84.365	2015-2016	-	1,407	-	25,671
		84.365	2016-2017	-	-	-	4,313
Total - English Language Acquisition State Grants				-	17,806	-	37,046
Supporting Effective Instruction State Grants							
(formerly Improving Teacher Quality State Grants)							
Indiana Department of Education							
Title II Part A, Supporting Effective Instruction State Grants							
		84.367	FY 2013	-	19,485	-	-
		84.367	FY 2014	-	7,470	-	35,026
		84.367	FY 2015	-	-	-	29,093
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	26,955	-	64,119
Total - Department of Education				-	549,455	-	595,685
Total Federal Awards Expended				\$ -	\$ 952,941	\$ -	\$ 991,489

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some of the activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the fiscal agent for the Special Education Cooperative.

NORTH WHITE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Child Nutrition Cluster - Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirements: Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
 Audit Findings: Material Weakness, Modified Opinion

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

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

The School Corporation did not have controls in place to ensure that free and reduced price applications and verifications of the applications were adequately maintained and safeguarded.

Supporting information used to determine eligibility for 49 percent of students for the 2017 school year was not presented for audit. Verifications of free and reduced price applications were also not presented for audit for the 2017 school year.

Context

The lack of controls and failure to provide appropriate audit evidence were systemic issues during the 2017 school year.

Criteria

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). . . ."

2 CFR 200.333 states in part:

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

Cause

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit related to compliance with the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

NORTH WHITE 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 to ensure that documentation will be maintained and made available for audit related to the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Views of Responsible Officials

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

FINDING 2017-002

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Suspension and Debarment. The prior audit finding number was 2015-004.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have an effective internal control system in place over contracted procurements. The School Board did not approve 50 percent of the contracts entered into by the Food Service Department.

The School Corporation did not have adequate policies or procedures in place to ensure that vendors were not suspended or debarred from participation in federal award programs.

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

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

Criteria

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

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

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 3016.36(b) states in part: "*Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

Indiana Code 20-26-4-8 states in part:

". . . Notwithstanding any other law, the president and secretary of the governing body of a school corporation are entitled, on behalf of the school corporation, to sign any contract, including employment contracts and contracts for goods and services. However, each contract must be approved by a majority of all members of the governing body. In the absence of either the president or secretary of the governing body, the vice president is entitled to sign the contracts with the officer who is present."

2 CRF 180.300 states:

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

You do this by:

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2017-003

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The Annual Financial Reports, monthly Sponsor Claims (claims for reimbursement), and School Food Authority (SFA) Verification Collection Reports were prepared and submitted by one individual, without a documented oversight, review, or approval process.

Context

The lack of internal controls was a systemic issue throughout the audit period.

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

Criteria

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

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

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 developed a system of internal controls to ensure compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



NORTH WHITE SCHOOL CORPORATION

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

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001 –SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal year in which the finding initially occurred: 7/1/13-6/30/15

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

Contact Person Responsible for Corrective Action: Shellie Ruemler, Treasurer

Contact Phone Number: 219/253-6618

Status of Audit Finding:

After the corporation treasurer completed the Schedule of Expenditures of Federal Awards (SEFA), the corporation deputy treasurer checked over the work and signed off on the report and the documentation used to complete the report.



NORTH WHITE SCHOOL CORPORATION

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

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

FINDING 2015-002 – ALLOWABLE COSTS/COST PRINCIPLES

Fiscal year in which the finding initially occurred: 2013-2014 and 2014-2015
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education
Contact Person Responsible for Corrective Action: Jenny Cassel, Grant Director/Manager
Contact Phone Number: 219/253-6638

Status of Audit Finding:

The North White School Corporation's Grant Manager has the semi-annual certifications for Title I employees with all other required Title I documentation. North White School Corporation does have split-funded employees for the 17/18 school year and the Grant Manager has all monthly time and effort logs for each of the split-funded employees on file with the required Title I documentation.

(NOTE: North White School Corporation determined after the previous audit that documentation of split funded employees was actually on file at the administration building in the form of bi-weekly time cards. Separate time cards were completed for each funding source.)



NORTH WHITE SCHOOL CORPORATION

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

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

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

Fiscal year in which the finding initially occurred: FY2014 & F 2015

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

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

Contact Phone Number: 219/253-6638

Status of Audit Finding:

Cash Management

The corporation treasurer gives the Food Service Director monthly financial reports. The corporation treasurer compiles those figures into a spreadsheet for the Food Service Director to monitor the 3 month average expenditures balance to the ending cash balance. The Food Service Director then determines if she needs to implement her plan that the cash balance does not exceed the average 3 month expenditure balance.

Eligibility

The Food Service Director is still in the process of implementing internal controls for Free & Reduced lunch applications.

Reporting

The Food Service Director is still in the process of implementing internal controls for Reporting requirements

Special Tests and Provisions – Verification

The Food Service Director is still in the process of implementing internal controls for Free & Reduced lunch verifications. The 16/17 verifications were inadvertently destroyed. Documentation of this is on file with the Food Service Director.



NORTH WHITE SCHOOL CORPORATION

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

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

FINDING 2015-004 – SUSPENSION AND DEBARMENT

Fiscal year in which the finding initially occurred: FY2014 & FY 2015

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

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

Contact Phone Number: 219/253-6638

Status of Finding:

The Food Service Director completed the Suspension and Debarment process for the 17/18 school year for her vendors. The Food Service Director is still in the process of implementing internal controls for Suspension and Debarment for the school lunch program.



NORTH WHITE SCHOOL CORPORATION

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

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

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

Fiscal year in which the finding initially occurred: FY2014 & FY2015

Pass-Through Entity, if pass-through or federal Grantor Agency, if direct: Indiana Dept. of Education

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

Contact Phone Number: 219/253-6638

Status of Finding:

The Food Service Director used the Paid Lunch Equity tool provided by the IDOE and the cafeteria manager verified the procedure for accuracy.



NORTH WHITE SCHOOL CORPORATION

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

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

FINDING 2015-006 – SUSPENSION AND DEBARMENT

Fiscal year in which the finding initially occurred: FY2014, 14214-051-PN01, 14215-051-PN01,
2013-2014, 45714-051-PN01, 45715-051-PN01

Pass-Through Entity, if pass-through or federal Grantor Agency, if direct: Indiana Dept. of Education

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

Contact Phone Number: 219/253-6618

Status of Finding:

Cooperative School Services LEA switched from West Central School Corporation to Rensselaer Central School Corporation beginning July 1, 2016. At that time North White School Corporation worked with Cooperative School Services to implement internal control procedures relating to grant agreements and Suspension and Debarment of vendors used for the 17/18 school year.



NORTH WHITE SCHOOL CORPORATION

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

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

FINDING 2015-007 – REPORTING AND PROCUREMENT

Fiscal year in which the finding initially occurred: FY2014, 14214-051-PN01, 14215-051-PN01, 2013-2014,
45714-051-PN01, 45715-051-PN01

Pass-Through Entity, if pass-through or federal Grantor Agency, if direct: Indiana Dept. of Education

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

Contact Phone Number: 219/253-6618

Status of Finding:

Reporting

North White worked with Cooperative School Services to implement procedures to receive grant agreements to comply with reporting requirements for the 17/18 school year.

Procurement

North White School Corporation worked with Cooperative School Services to implement procedures to receive copies of procurements to comply reporting requirements for the 17/18 school year.



NORTH WHITE SCHOOL CORPORATION

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

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

CORRECTIVE ACTION PLAN

FINDING -2017-001-CHILD NUTRITION CLUSTER-ELIGIBILITY AND SPECIAL TESTS AND PROVISIONS- VERIFICATION OF FREE AND REDUCED PRICE APPLICATION

Contact Person Responsible for Corrective Action: Anita Messer
Title of Contact Person: Food Service Director
Phone Number: 219/253-6618
Expected Completion Date: May 29, 2018

Approximately 49% of the actual Free and Reduced Lunch applications were inadvertently destroyed therefor making it impossible to present for audit. The Food Service Director will keep all Free and Reduced lunch applications in a secure location that only she has access to. The Food Service Director will make sure that all verifications of the free and reduced lunch application are completed and kept in a secure location.

Shellie Ruemler

SIGNATURE

Tranana

TITLE

5-29-18

DATE



NORTH WHITE SCHOOL CORPORATION

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

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

CORRECTIVE ACTION PLAN

FINDING – 2017-002- CHILD NUTRITION CLUSTER- PROCUREMENT AND SUSPENSION AND DEBARMENT

Contact Person Responsible for Corrective Action: Anita Messer
Title of Contact Person: Food Service Director
Phone Number: 219/253-6618
Expected Completion Date: May 29, 2018

The Food Service Director will ensure that all vendors provide proof of status with Suspension and Debarment. She will do this by checking vendors through using SAM exclusions, and she will obtain a certification from her vendors. Because of the late timing of the previous audit the Food Service Director was unable to get this completed in this audit period but has started doing this with the 2017-2018 school year.

Shellie Ruemler

Signature

Treasurer

Title

5-29-18

Date



NORTH WHITE SCHOOL CORPORATION

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

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

CORRECTIVE ACTION PLAN

FINDING - 2017-003- CHILD NUTRITION CLUSTER - REPORTING

Contact Person Responsible for Corrective Action: Anita Messer
Title of Contact Person: Food Service Director
Phone Number: 219/253-6618
Expected Completion Date: May 29, 2018

The Food Service Director will ensure that the Corporation Treasurer will be given a copy of the Annual Financial Report and the Corporation Treasurer will verify it for accuracy. The Food Service Director and the Corporation Treasurer will both sign and review the monthly claim for reimbursement. The Food Service Director will give a cafeteria manager a copy of the Verification Summary report to verify for accuracy.

Because of the late timing of the previous audit the Food Service Director was unable to make these changes in this audit period but has started doing this with the 2017-2018 school year.

Shellie Ruemler

Signature

Treasurer

Title

5-29-18

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/>.