

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

NORTHWESTERN CONSOLIDATED  
SCHOOL DISTRICT OF SHELBY COUNTY  
SHELBY COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
11/21/2018



## 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.....	10-11
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.....	19-38
Schedule of Leases and Debt .....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance .....	42-44
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	47
Notes to Schedule of Expenditures of Federal Awards .....	48
Schedule of Findings and Questioned Costs .....	49-55
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	58-62
Corrective Action Plan .....	63-65
Other Reports.....	66

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura Mullen	01-01-15 to 12-31-18
Superintendent of Schools	Chris Hoke	07-01-15 to 06-30-19
President of the School Board	John Merlau Ken Polston	01-01-15 to 01-12-15 01-13-15 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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Northwestern Consolidated School District of Shelby County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 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

October 18, 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](http://www.in.gov/sboa)

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Northwestern Consolidated School District of Shelby County (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated October 18, 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

October 18, 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.

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended June 30, 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	\$ 1,310,321	\$ 8,983,854	\$ 9,020,439	\$ -	\$ 1,273,736	\$ 9,483,354	\$ 8,778,970	\$ -	\$ 1,978,120
Debt Service	1,256,074	1,927,550	1,839,456	(40,303)	1,303,865	1,825,384	1,902,970	-	1,226,279
Retirement/Severance Bond Debt Service	83,147	122,562	122,041	(2,307)	81,361	108,064	121,718	-	67,707
Capital Projects	792,210	1,838,366	1,321,577	(21,107)	1,287,892	1,306,027	1,864,317	8,630	738,232
School Transportation	373,788	930,228	687,286	73,904	690,634	811,035	815,245	165	686,589
School Bus Replacement	113,508	154,656	101,885	(3,496)	162,783	186,823	96,404	-	253,202
Rainy Day	224,265	14,006	75,000	-	163,271	391,211	-	-	554,482
Retirement/Severance Bond	19,455	-	-	-	19,455	-	-	-	19,455
2014 Bond	-	5,373	5,373	-	-	-	-	-	-
2004 Construction Fund	7,404	-	7,404	-	-	-	-	-	-
2015 Construction Bond/TMS-HS	870,000	127,501	997,152	-	349	-	349	-	-
2016 Bond / TES Project	-	-	7,112	-	(7,112)	7,112	-	-	-
2017 Bond	-	-	-	-	-	15,150	15,150	-	-
School Lunch	106,261	691,239	604,873	(2,256)	190,371	689,491	644,026	-	235,836
Textbook Rental	117,744	178,457	261,533	-	34,668	146,715	45,514	-	135,869
Levy Excess	-	5,735	-	(5,735)	-	-	-	-	-
Joint Services and Supply - Other	4,171	106,707	87,820	-	23,058	93,438	98,659	-	17,837
Educational License Plates	468	113	468	-	113	94	-	-	207
Early Intervention Grant	-	-	-	-	-	6,536	-	-	6,536
Mendenhall Field	1,256	-	-	-	1,256	-	-	-	1,256
New Tech - Shelby Co TIF	1,309	-	1,309	-	-	-	-	-	-
Monsanto Grant	1,463	-	1,463	-	-	-	-	-	-
Triton Central Schools Fund	1,032	361	1,032	-	361	381	-	-	742
Indiana Youth Institute Grants	-	599	327	-	272	-	272	-	-
Walmart Community Grant	-	-	-	-	-	750	25	-	725
TES Book Fair	2,058	2,785	2,522	-	2,321	2,087	3,749	-	659
TMS Book Fair	571	-	-	-	571	690	1,144	-	117
TCHS Book Fair	213	-	186	-	27	-	-	-	27
Indiana Youth Institute Grants	-	750	435	-	315	-	315	-	-
Extra-Curricular Activities	2,985	-	2,985	-	-	1,000	-	-	1,000
Todd Welty FFA Memorial Grant	12,471	-	12,471	-	-	-	-	-	-
IASP Mini Grant	-	1,000	994	-	6	500	486	-	20
Blue River Mini Grants / TES	-	500	500	-	-	-	-	-	-
Blue River FDN Grants/TMS	300	-	300	-	-	-	-	-	-
Blue River FDN - Lego Grant	-	-	-	-	-	2,000	2,000	-	-
NFL Play 60 Super School Grant	1,595	-	300	-	1,295	-	510	-	785
TMS Fuel Up to Play Grant 2013	47	-	47	-	-	-	-	-	-
Wellness Initiative Grant	20	-	-	-	20	-	20	-	-
Generation On Grant	99	-	-	-	99	-	30	-	69
Blue River FDN - TC Archers	1,380	-	1,375	-	5	-	-	-	5
Council of Michigan Foundation	-	250	231	-	19	-	19	-	-

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 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
Blue River FDN / Arts Grant / TES	-	8,725	8,607	-	118	1,600	1,718	-	-
Miscellaneous Programs	-	1,467	1,467	-	-	88,000	4,500	-	83,500
Jacob Davis Eagle Scout Project	-	-	-	-	-	328	-	-	328
Blue River Foundation - Borenstein Bench	-	-	-	-	-	500	500	-	-
Answers for Autism Grant 2013	1,302	-	-	-	1,302	-	-	-	1,302
Formative Assessment	-	16,845	16,845	-	-	17,456	17,456	-	-
Rush Shelby Energy Community Foundation / TES	-	-	-	-	-	1,004	871	-	133
Ed Tech Advnmt A1901	-	111,608	111,608	-	-	-	-	-	-
TES Shelby County Drug Free Grant	1,101	1,200	1,624	-	677	1,000	676	-	1,001
SADD/Shelby Co Drug Free Grant	750	-	750	-	-	-	-	-	-
TMS Shelby Co Drug Free Grant	1,465	1,200	849	-	1,816	1,000	1,802	-	1,014
High Ability 14-15	13,670	-	13,670	-	-	-	-	-	-
Social Service Block Grant - State	-	31,125	23,138	-	7,987	-	7,987	-	-
High Ability 2016-2017	-	-	-	-	-	30,935	29,079	-	1,856
Secured Schools Safety Grant	-	-	20,122	-	(20,122)	20,122	-	-	-
FFA Rural Youth Grant 13/14	2,887	-	2,887	-	-	-	-	-	-
Non-English Speaking Programs	892	-	-	-	892	-	-	-	892
School Technology	2,191	23,885	24,371	-	1,705	24,111	22,207	-	3,609
Technology Grants [IC 20-40-15]	1,002	-	1,002	-	-	1,000	-	-	1,000
Career and Technical Performance Grant	-	-	-	-	-	11,187	-	-	11,187
Indiana School Academic Improvement Program (ISAIP)	44	-	-	-	44	-	-	-	44
School Age Child Care/Parents	21,964	67,100	57,822	-	31,242	91,972	69,599	-	53,615
Pre School	59,299	164,301	134,941	-	88,659	125,693	126,147	-	88,205
Title I 08/09	28	-	-	-	28	-	-	-	28
Title I 2014-2015	(20,360)	20,532	172	-	-	-	-	-	-
Title I 2015-2016	-	118,465	122,472	-	(4,007)	7,199	3,192	-	-
Title I 2016-2017	-	-	-	-	-	100,940	102,198	-	(1,258)
Title V 2007/08	8	-	-	-	8	-	8	-	-
Title II 2014-2016	(7,495)	32,657	25,162	-	-	1,694	1,694	-	-
Title II A 2015-2017	-	14,688	16,027	-	(1,339)	22,165	21,254	-	(428)
Title II 2016-2018	-	-	-	-	-	23,659	27,288	-	(3,629)
Special Education - Part B	-	-	-	-	-	324,976	328,179	-	(3,203)
Special Education - Part B - Preschool	-	-	-	-	-	13,289	13,843	-	(554)
Cafeteria Clearing Account	8,462	352,046	349,709	-	10,799	344,021	351,319	-	3,501
Payroll Withholding	46,696	1,945,506	1,968,186	-	24,016	2,108,650	2,108,858	-	23,808
Bank Card Clearing Account	(367)	55,908	58,196	-	(2,655)	46,266	42,527	-	1,084
Totals	\$ 5,439,154	\$ 18,059,850	\$ 18,125,523	\$ (1,300)	\$ 5,372,181	\$ 18,486,609	\$ 17,674,794	\$ 8,795	\$ 6,192,791

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Receipts**

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

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

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

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

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

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

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

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

**E. Disbursements**

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

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

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

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

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

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

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

**F. Other Financing Sources and Uses**

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

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

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

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of construction costs being incurred prior to the School Corporation receiving bond issue proceeds, reimbursable grants, and timing differences between the incurrence of bank charges and the reimbursement of these charges from extracurricular funds.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with the Northwestern Consolidated School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$1,721,673 and \$1,802,445, 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.

(This page intentionally left blank.)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,310,321	\$ 1,256,074	\$ 83,147	\$ 792,210	\$ 373,788	\$ 113,508	\$ 224,265	\$ 19,455
Receipts:								
Local sources	115,522	1,927,550	122,562	1,314,817	767,107	154,656	-	-
Intermediate sources	8	-	-	-	-	-	-	-
State sources	8,868,156	-	-	-	-	-	14,006	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	484,193	159,833	-	-	-
Other receipts	168	-	-	39,356	3,288	-	-	-
Total receipts	8,983,854	1,927,550	122,562	1,838,366	930,228	154,656	14,006	-
Disbursements:								
Instruction	5,483,103	-	-	-	-	-	-	-
Support services	3,375,869	31,208	-	436,185	674,496	101,885	75,000	-
Noninstructional services	161,467	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	401,475	12,790	-	-	-
Debt services	-	1,808,248	122,041	483,917	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,020,439	1,839,456	122,041	1,321,577	687,286	101,885	75,000	-
Excess (deficiency) of receipts over disbursements	(36,585)	88,094	521	516,789	242,942	52,771	(60,994)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	900	55	-	-	-
Transfers in	-	-	-	-	87,433	-	-	-
Transfers out	-	(40,303)	(2,307)	(22,007)	(13,584)	(3,496)	-	-
Total other financing sources (uses)	-	(40,303)	(2,307)	(21,107)	73,904	(3,496)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36,585)	47,791	(1,786)	495,682	316,846	49,275	(60,994)	-
Cash and investments - ending	\$ 1,273,736	\$ 1,303,865	\$ 81,361	\$ 1,287,892	\$ 690,634	\$ 162,783	\$ 163,271	\$ 19,455

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	2014 Bond	2004 Construction Fund	2015 Construction Bond /TMS-HS	2016 Bond / TES Project	2017 Bond	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ -	\$ 7,404	\$ 870,000	\$ -	\$ -	\$ 106,261	\$ 117,744	\$ -
Receipts:								
Local sources	5,373	-	-	-	-	363,340	102,174	5,735
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	8,623	75,687	-
Federal sources	-	-	-	-	-	318,376	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	127,501	-	-	900	596	-
Total receipts	5,373	-	127,501	-	-	691,239	178,457	5,735
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	900	261,533	-
Noninstructional services	-	-	-	-	-	603,973	-	-
Facilities acquisition and construction	5,373	7,404	997,152	7,112	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,373	7,404	997,152	7,112	-	604,873	261,533	-
Excess (deficiency) of receipts over disbursements	-	(7,404)	(869,651)	(7,112)	-	86,366	(83,076)	5,735
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	81,698
Transfers out	-	-	-	-	-	(2,256)	-	(87,433)
Total other financing sources (uses)	-	-	-	-	-	(2,256)	-	(5,735)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7,404)	(869,651)	(7,112)	-	84,110	(83,076)	-
Cash and investments - ending	\$ -	\$ -	\$ 349	\$ (7,112)	\$ -	\$ 190,371	\$ 34,668	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Joint Services and Supply - Other	Educational License Plates	Early Intervention Grant	Mendenhall Field	New Tech - Shelby Co TIF	Monsanto Grant	Triton Central Schools Fund	Indiana Youth Institute Grant
Cash and investments - beginning	\$ 4,171	\$ 468	\$ -	\$ 1,256	\$ 1,309	\$ 1,463	\$ 1,032	\$ -
Receipts:								
Local sources	106,707	-	-	-	-	-	361	599
Intermediate sources	-	113	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	106,707	113	-	-	-	-	361	599
Disbursements:								
Instruction	-	-	-	-	-	1,463	-	327
Support services	87,820	468	-	-	1,309	-	1,032	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	87,820	468	-	-	1,309	1,463	1,032	327
Excess (deficiency) of receipts over disbursements	18,887	(355)	-	-	(1,309)	(1,463)	(671)	272
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	18,887	(355)	-	-	(1,309)	(1,463)	(671)	272
Cash and investments - ending	\$ 23,058	\$ 113	\$ -	\$ 1,256	\$ -	\$ -	\$ 361	\$ 272

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Walmart Community Grant	TES Book Fair	TMS Book Fair	TCHS Book Fair	Indiana Youth Institute Grants	Extra- Curricular Activities	Todd Welty FFA Memorial Grant	IASP Mini Grant
Cash and investments - beginning	\$ -	\$ 2,058	\$ 571	\$ 213	\$ -	\$ 2,985	\$ 12,471	\$ -
Receipts:								
Local sources	-	2,785	-	-	-	-	-	1,000
Intermediate sources	-	-	-	-	750	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	2,785	-	-	750	-	-	1,000
Disbursements:								
Instruction	-	-	-	186	-	2,985	-	994
Support services	-	2,522	-	-	435	-	-	-
Noninstructional services	-	-	-	-	-	-	12,471	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	2,522	-	186	435	2,985	12,471	994
Excess (deficiency) of receipts over disbursements	-	263	-	(186)	315	(2,985)	(12,471)	6
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	-	263	-	(186)	315	(2,985)	(12,471)	6
Cash and investments - ending	\$ -	\$ 2,321	\$ 571	\$ 27	\$ 315	\$ -	\$ -	\$ 6

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Blue River Mini Grants / TES	Blue River FDN Grants/ TMS	Blue River FDN - Lego Grant	NFL Play 60 Super School Grant	TMS Fuel Up to Play Grant 2013	Wellness Initiative Grant	Generation On Grant	Blue River FDN - TC Archers
Cash and investments - beginning	\$ -	\$ 300	\$ -	\$ 1,595	\$ 47	\$ 20	\$ 99	\$ 1,380
Receipts:								
Local sources	500	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	500	-	-	-	-	-	-	-
Disbursements:								
Instruction	500	300	-	300	47	-	-	-
Support services	-	-	-	-	-	-	-	1,375
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	500	300	-	300	47	-	-	1,375
Excess (deficiency) of receipts over disbursements	-	(300)	-	(300)	(47)	-	-	(1,375)
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	-	(300)	-	(300)	(47)	-	-	(1,375)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,295	\$ -	\$ 20	\$ 99	\$ 5

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Council of Michigan Foundation	Blue River FDN / Arts Grant / TES	Miscellaneous Programs	Jacob Davis Eagle Scout Project	Blue River Foundation - Borenstein Bench	Answers for Autism Grant 2013	Formative Assessment	Rush Shelby Energy Community Foundation / TES
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,302	\$ -	\$ -
Receipts:								
Local sources	250	8,725	1,467	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	16,845	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	250	8,725	1,467	-	-	-	16,845	-
Disbursements:								
Instruction	231	4,825	-	-	-	-	16,845	-
Support services	-	3,782	1,467	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	231	8,607	1,467	-	-	-	16,845	-
Excess (deficiency) of receipts over disbursements	19	118	-	-	-	-	-	-
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	19	118	-	-	-	-	-	-
Cash and investments - ending	\$ 19	\$ 118	\$ -	\$ -	\$ -	\$ 1,302	\$ -	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Ed Tech Advnmt A1901	TES Shelby County Drug Free Grant	SADD/Shelby Co Drug Free Grant	TMS Shelby Co Drug Free Grant	High Ability 14-15	Social Service Block Grant - State	High Ability 2016-2017	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 1,101	\$ 750	\$ 1,465	\$ 13,670	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	1,200	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	111,608	1,200	-	-	-	-	-	-
Federal sources	-	-	-	-	-	31,125	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	111,608	1,200	-	1,200	-	31,125	-	-
Disbursements:								
Instruction	-	1,624	-	849	12,705	23,138	-	-
Support services	111,608	-	750	-	965	-	-	20,122
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	111,608	1,624	750	849	13,670	23,138	-	20,122
Excess (deficiency) of receipts over disbursements	-	(424)	(750)	351	(13,670)	7,987	-	(20,122)
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	-	(424)	(750)	351	(13,670)	7,987	-	(20,122)
Cash and investments - ending	\$ -	\$ 677	\$ -	\$ 1,816	\$ -	\$ 7,987	\$ -	\$ (20,122)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	FFA Rural Youth Grant 13/14	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Indiana School Academic Improvement Program (ISAIP)	School Age Child Care/Parents	Pre School
Cash and investments - beginning	\$ 2,887	\$ 892	\$ 2,191	\$ 1,002	\$ -	\$ 44	\$ 21,964	\$ 59,299
Receipts:								
Local sources	-	-	23,885	-	-	-	67,100	164,301
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	23,885	-	-	-	67,100	164,301
Disbursements:								
Instruction	-	-	-	1,002	-	-	-	-
Support services	-	-	24,371	-	-	-	-	-
Noninstructional services	2,887	-	-	-	-	-	57,822	134,941
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,887	-	24,371	1,002	-	-	57,822	134,941
Excess (deficiency) of receipts over disbursements	(2,887)	-	(486)	(1,002)	-	-	9,278	29,360
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	(2,887)	-	(486)	(1,002)	-	-	9,278	29,360
Cash and investments - ending	\$ -	\$ 892	\$ 1,705	\$ -	\$ -	\$ 44	\$ 31,242	\$ 88,659

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Title I 08/09	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title V 2007/08	Title II 2014-2016	Title II A 2015-2017
Cash and investments - beginning	\$ 28	\$ (20,360)	\$ -	\$ -	\$ 8	\$ (7,495)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	20,532	118,465	-	-	32,657	14,688
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	20,532	118,465	-	-	32,657	14,688
Disbursements:							
Instruction	-	172	120,665	-	-	-	-
Support services	-	-	1,564	-	-	25,162	16,027
Noninstructional services	-	-	243	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	172	122,472	-	-	25,162	16,027
Excess (deficiency) of receipts over disbursements	-	20,360	(4,007)	-	-	7,495	(1,339)
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	-	20,360	(4,007)	-	-	7,495	(1,339)
Cash and investments - ending	\$ 28	\$ -	\$ (4,007)	\$ -	\$ 8	\$ -	\$ (1,339)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Title II 2016-2018	Special Education - Part B	Special Education - Part B - Preschool	Cafeteria Clearing Account	Payroll Withholding	Bank Card Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 8,462	\$ 46,696	\$ (367)	\$ 5,439,154
Receipts:							
Local sources	-	-	-	352,046	-	-	5,609,762
Intermediate sources	-	-	-	-	-	-	871
State sources	-	-	-	-	-	-	9,096,125
Federal sources	-	-	-	-	-	-	535,843
Temporary loans	-	-	-	-	-	-	644,026
Other receipts	-	-	-	-	1,945,506	55,908	2,173,223
Total receipts	-	-	-	352,046	1,945,506	55,908	18,059,850
Disbursements:							
Instruction	-	-	-	-	-	-	5,672,261
Support services	-	-	-	-	-	-	5,257,855
Noninstructional services	-	-	-	-	-	-	973,804
Facilities acquisition and construction	-	-	-	-	-	-	1,431,306
Debt services	-	-	-	-	-	-	2,414,206
Nonprogrammed charges	-	-	-	349,709	1,968,186	58,196	2,376,091
Total disbursements	-	-	-	349,709	1,968,186	58,196	18,125,523
Excess (deficiency) of receipts over disbursements	-	-	-	2,337	(22,680)	(2,288)	(65,673)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	955
Transfers in	-	-	-	-	-	-	169,131
Transfers out	-	-	-	-	-	-	(171,386)
Total other financing sources (uses)	-	-	-	-	-	-	(1,300)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	2,337	(22,680)	(2,288)	(66,973)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 10,799	\$ 24,016	\$ (2,655)	\$ 5,372,181

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,273,736	\$ 1,303,865	\$ 81,361	\$ 1,287,892	\$ 690,634	\$ 162,783	\$ 163,271	\$ 19,455
Receipts:								
Local sources	218,545	1,825,384	108,064	1,301,700	811,035	186,823	391,211	-
Intermediate sources	14	-	-	-	-	-	-	-
State sources	9,193,320	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	71,475	-	-	4,327	-	-	-	-
Total receipts	9,483,354	1,825,384	108,064	1,306,027	811,035	186,823	391,211	-
Disbursements:								
Instruction	5,719,593	-	-	-	-	-	-	-
Support services	2,892,210	-	-	1,086,091	653,540	96,404	-	-
Noninstructional services	167,167	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	361,074	1,221	-	-	-
Debt services	-	1,902,970	121,718	417,152	159,833	-	-	-
Nonprogrammed charges	-	-	-	-	651	-	-	-
Total disbursements	8,778,970	1,902,970	121,718	1,864,317	815,245	96,404	-	-
Excess (deficiency) of receipts over disbursements	704,384	(77,586)	(13,654)	(558,290)	(4,210)	90,419	391,211	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	8,630	165	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	8,630	165	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	704,384	(77,586)	(13,654)	(549,660)	(4,045)	90,419	391,211	-
Cash and investments - ending	\$ 1,978,120	\$ 1,226,279	\$ 67,707	\$ 738,232	\$ 686,589	\$ 253,202	\$ 554,482	\$ 19,455

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	2014 Bond	2004 Construction Fund	2015 Construction Bond /TMS-HS	2016 Bond / TES Project	2017 Bond	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ -	\$ -	\$ 349	\$ (7,112)	\$ -	\$ 190,371	\$ 34,668	\$ -
Receipts:								
Local sources	-	-	-	-	-	366,261	101,972	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	8,617	43,993	-
Federal sources	-	-	-	-	-	313,813	-	-
Other receipts	-	-	-	7,112	15,150	800	750	-
Total receipts	-	-	-	7,112	15,150	689,491	146,715	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	800	45,514	-
Noninstructional services	-	-	-	-	-	643,226	-	-
Facilities acquisition and construction	-	-	349	-	15,150	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	349	-	15,150	644,026	45,514	-
Excess (deficiency) of receipts over disbursements	-	-	(349)	7,112	-	45,465	101,201	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(349)	7,112	-	45,465	101,201	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,836	\$ 135,869	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Joint Services and Supply - Other	Educational License Plates	Early Intervention Grant	Mendenhall Field	New Tech - Shelby Co TIF	Monsanto Grant	Triton Central Schools Fund	Indiana Youth Institute Grant
Cash and investments - beginning	\$ 23,058	\$ 113	\$ -	\$ 1,256	\$ -	\$ -	\$ 361	\$ 272
Receipts:								
Local sources	93,438	-	-	-	-	-	381	-
Intermediate sources	-	94	-	-	-	-	-	-
State sources	-	-	6,536	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	93,438	94	6,536	-	-	-	381	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	272
Support services	98,659	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	98,659	-	-	-	-	-	-	272
Excess (deficiency) of receipts over disbursements	(5,221)	94	6,536	-	-	-	381	(272)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,221)	94	6,536	-	-	-	381	(272)
Cash and investments - ending	\$ 17,837	\$ 207	\$ 6,536	\$ 1,256	\$ -	\$ -	\$ 742	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Walmart Community Grant	TES Book Fair	TMS Book Fair	TCHS Book Fair	Indiana Youth Institute Grants	Extra- Curricular Activities	Todd Welty FFA Memorial Grant	IASP Mini Grant
Cash and investments - beginning	\$ -	\$ 2,321	\$ 571	\$ 27	\$ 315	\$ -	\$ -	\$ 6
Receipts:								
Local sources	750	2,087	690	-	-	1,000	-	500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	750	2,087	690	-	-	1,000	-	500
Disbursements:								
Instruction	-	-	1,144	-	-	-	-	486
Support services	25	3,749	-	-	315	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	25	3,749	1,144	-	315	-	-	486
Excess (deficiency) of receipts over disbursements	725	(1,662)	(454)	-	(315)	1,000	-	14
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	725	(1,662)	(454)	-	(315)	1,000	-	14
Cash and investments - ending	\$ 725	\$ 659	\$ 117	\$ 27	\$ -	\$ 1,000	\$ -	\$ 20

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Blue River Mini Grants / TES	Blue River FDN Grants/ TMS	Blue River FDN - Lego Grant	NFL Play 60 Super School Grant	TMS Fuel Up to Play Grant 2013	Wellness Initiative Grant	Generation On Grant	Blue River FDN - TC Archers
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,295	\$ -	\$ 20	\$ 99	\$ 5
Receipts:								
Local sources	-	-	2,000	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	2,000	-	-	-	-	-
Disbursements:								
Instruction	-	-	2,000	510	-	-	30	-
Support services	-	-	-	-	-	20	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,000	510	-	20	30	-
Excess (deficiency) of receipts over disbursements	-	-	-	(510)	-	(20)	(30)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(510)	-	(20)	(30)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 785	\$ -	\$ -	\$ 69	\$ 5

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Council of Michigan Foundation	Blue River FDN / Arts Grant / TES	Miscellaneous Programs	Jacob Davis Eagle Scout Project	Blue River Foundation - Borenstein Bench	Answers for Autism Grant 2013	Formative Assessment	Rush Shelby Energy Community Foundation / TES
Cash and investments - beginning	\$ 19	\$ 118	\$ -	\$ -	\$ -	\$ 1,302	\$ -	\$ -
Receipts:								
Local sources	-	1,600	88,000	328	500	-	-	1,004
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	17,456	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	1,600	88,000	328	500	-	17,456	1,004
Disbursements:								
Instruction	19	-	-	-	-	-	17,456	871
Support services	-	1,718	4,500	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	500	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	19	1,718	4,500	-	500	-	17,456	871
Excess (deficiency) of receipts over disbursements	(19)	(118)	83,500	328	-	-	-	133
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19)	(118)	83,500	328	-	-	-	133
Cash and investments - ending	\$ -	\$ -	\$ 83,500	\$ 328	\$ -	\$ 1,302	\$ -	\$ 133

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Ed Tech Advnmt A1901	TES Shelby County Drug Free Grant	SADD/Shelby Co Drug Free Grant	TMS Shelby Co Drug Free Grant	High Ability 14-15	Social Service Block Grant - State	High Ability 2016-2017	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ 677	\$ -	\$ 1,816	\$ -	\$ 7,987	\$ -	\$ (20,122)
Receipts:								
Local sources	-	-	-	1,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	1,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	30,935	20,122
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	1,000	-	1,000	-	-	30,935	20,122
Disbursements:								
Instruction	-	676	-	1,802	-	3,701	29,079	-
Support services	-	-	-	-	-	4,286	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	676	-	1,802	-	7,987	29,079	-
Excess (deficiency) of receipts over disbursements	-	324	-	(802)	-	(7,987)	1,856	20,122
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	324	-	(802)	-	(7,987)	1,856	20,122
Cash and investments - ending	\$ -	\$ 1,001	\$ -	\$ 1,014	\$ -	\$ -	\$ 1,856	\$ -

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	FFA Rural Youth Grant 13/14	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Career and Technical Performance Grant	Indiana School Academic Improvement Program (ISAIP)	School Age Child Care/Parents	Pre School
Cash and investments - beginning	\$ -	\$ 892	\$ 1,705	\$ -	\$ -	\$ 44	\$ 31,242	\$ 88,659
Receipts:								
Local sources	-	-	24,111	1,000	-	-	91,972	125,693
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	11,187	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	24,111	1,000	11,187	-	91,972	125,693
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	22,207	-	-	-	-	358
Noninstructional services	-	-	-	-	-	-	69,599	125,789
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	22,207	-	-	-	69,599	126,147
Excess (deficiency) of receipts over disbursements	-	-	1,904	1,000	11,187	-	22,373	(454)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,904	1,000	11,187	-	22,373	(454)
Cash and investments - ending	\$ -	\$ 892	\$ 3,609	\$ 1,000	\$ 11,187	\$ 44	\$ 53,615	\$ 88,205

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Title I 08/09	Title I 2014-2015	Title I 2015-2016	Title I 2016-2017	Title V 2007/08	Title II 2014-2016	Title II A 2015-2017
Cash and investments - beginning	\$ 28	\$ -	\$ (4,007)	\$ -	\$ 8	\$ -	\$ (1,339)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	7,199	100,940	-	1,694	22,165
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	7,199	100,940	-	1,694	22,165
Disbursements:							
Instruction	-	-	3,086	102,081	-	-	-
Support services	-	-	106	117	8	1,694	21,254
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	3,192	102,198	8	1,694	21,254
Excess (deficiency) of receipts over disbursements	-	-	4,007	(1,258)	(8)	-	911
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	4,007	(1,258)	(8)	-	911
Cash and investments - ending	\$ 28	\$ -	\$ -	\$ (1,258)	\$ -	\$ -	\$ (428)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Title II 2016-2018	Special Education - Part B	Special Education - Part B - Preschool	Cafeteria Clearing Account	Payroll Withholding	Bank Card Clearing Account	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 10,799	\$ 24,016	\$ (2,655)	\$ 5,372,181
Receipts:							
Local sources	-	-	-	344,021	-	-	6,091,070
Intermediate sources	-	-	-	-	-	-	108
State sources	-	-	-	-	-	-	9,282,109
Federal sources	23,659	324,976	13,289	-	-	-	858,792
Other receipts	-	-	-	-	2,108,650	46,266	2,254,530
Total receipts	23,659	324,976	13,289	344,021	2,108,650	46,266	18,486,609
Disbursements:							
Instruction	-	290,716	13,843	-	-	-	6,187,365
Support services	27,288	37,463	-	-	-	-	4,998,326
Noninstructional services	-	-	-	-	-	-	1,005,781
Facilities acquisition and construction	-	-	-	-	-	-	378,294
Debt services	-	-	-	-	-	-	2,601,673
Nonprogrammed charges	-	-	-	351,319	2,108,858	42,527	2,503,355
Total disbursements	27,288	328,179	13,843	351,319	2,108,858	42,527	17,674,794
Excess (deficiency) of receipts over disbursements	(3,629)	(3,203)	(554)	(7,298)	(208)	3,739	811,815
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	8,795
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	8,795
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,629)	(3,203)	(554)	(7,298)	(208)	3,739	820,610
Cash and investments - ending	\$ (3,629)	\$ (3,203)	\$ (554)	\$ 3,501	\$ 23,808	\$ 1,084	\$ 6,192,791

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
SCHEDULE OF LEASES AND DEBT  
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Apple Financial	2017 Ipad lease	\$ 104,613	07/01/2017	07/01/2020
Key Government Finance	TES Computer Lease	2,683	08/01/2012	07/01/2017
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2016	58,800	07/15/2017	01/15/2030
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2012	275,500	01/15/2013	01/15/2023
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2013	143,000	01/15/2014	01/15/2033
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2014	113,000	07/15/2015	07/15/2034
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2015	122,000	07/15/2016	01/15/2028
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2006	117,000	01/15/2007	01/15/2018
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2010 QSCB	642,000	01/15/2011	01/15/2027
Northwestern Consolidated School Building Corporation	First Mortgage Bonds Series 2017	26,500	01/15/2018	01/15/2032
U.S. Bancorp	Chromebook Lease	<u>116,372</u>	04/20/2016	04/20/2018
Total of annual lease payments		<u>\$ 1,721,468</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds of 2009	\$ 535,000	\$ 275,462
General obligation bonds	School Severance Pension Bonds of 2003	225,000	120,915
Notes and loans payable	Common School Tech Loan A1713	64,900	26,545
Notes and loans payable	Common School Tech Loan A1769	8,787	8,831
Notes and loans payable	Common School Tech Loan A1796	63,550	25,992
Notes and loans payable	Common School Tech Loan A1901	<u>79,106</u>	<u>23,336</u>
Totals		<u>\$ 976,343</u>	<u>\$ 481,081</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

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

We have audited the Northwestern Consolidated School District of Shelby County's (School Corporation) compliance with the types of compliance requirements described in the *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. 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.

***Opinion on the Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2015 to June 30, 2017.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002 and 2017-003. Our opinion on the major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on 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.

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.

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

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

October 18, 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.

(This page intentionally left blank.)

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
 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					
School Breakfast Program			FY 2016	\$ -	\$ 55,878	\$ -	\$ -
School Breakfast Program			FY 2017	-	-	-	52,716
Total - School Breakfast Program				-	55,878	-	52,716
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2016	-	262,498	-	-
School Lunch Program			FY 2017	-	-	-	261,097
School Lunch Commodities			FY 2016	-	41,595	-	-
School Lunch Commodities			FY 2017	-	-	-	64,870
Total - National School Lunch Program				-	304,093	-	325,967
Total - Child Nutrition Cluster				-	359,971	-	378,683
Total - Department of Agriculture				-	359,971	-	378,683
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
			14214-027-PN01	-	764	-	-
			14215-027-PN01	-	79,155	-	-
			14216-027-PN01	-	272,704	-	32,016
			14217-025-PN01	-	-	-	324,976
			99914-027-TA01	-	277	-	-
Total - Special Education_Grants to States				-	352,900	-	356,992
Special Education_Preschool Grants							
	Indiana Department of Education	84.173					
			45714-027-PN01	-	1,236	-	-
			45715-027-PN01	-	2,529	-	-
			45716-027-PN01	-	13,247	-	-
			45717-025-PN01	-	-	-	13,289
Total - Special Education_Preschool Grants				-	17,012	-	13,289
Total - Special Education Cluster (IDEA)				-	369,912	-	370,281
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010					
			15-7350	-	20,532	-	-
			16-7350	-	118,465	-	7,198
			S010A150014	-	-	-	100,940
Total - Title I Grants to Local Educational Agencies				-	138,997	-	108,138
Supporting Effective Instruction State Grants							
	Indiana Department of Education	84.367					
			5367A140013	-	32,657	-	1,694
			5367A150015	-	14,688	-	-
			S367A150015	-	-	-	22,165
			S367A160013	-	-	-	23,659
Total - Supporting Effective Instruction State Grants				-	47,345	-	47,518
Total - Department of Education				-	556,254	-	525,937
Total federal awards expended				\$ -	\$ 916,225	\$ -	\$ 904,620

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

NORTHWESTERN CONSOLIDATED SCHOOL DISTRICT OF SHELBY COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

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

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	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>
Special Education Cluster (IDEA)	Unmodified
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: Special Education Cluster (IDEA) - Cash Management, Reporting  
 Federal Agency: Department of Education  
 Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants  
 CFDA Numbers: 84.027, 84.173  
 Federal Award Numbers and Years (or Other Identifying Numbers): 99914-027-TA01, 14214-027-PN01, 45714-027-PN01, 45715-027-PN01, 45716-027-PN01, 14215-027-PN01, 14216-027-PN01

Pass-Through Entity: Indiana Department of Education  
 Compliance Requirements: Cash Management, Reporting  
 Audit Finding: Material Weakness

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

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements. The School Corporation is a participating member school corporation of the Hancock Madison Shelby Educational Services Cooperative (Cooperative). The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative.

During the audit period, the fiscal agent of the Cooperative expended Special Education Cluster (IDEA) program funds on behalf of the School Corporation for grant awards prior to fiscal year 2017. The School Corporation relied on the Cooperative to comply with the Cash Management and Reporting compliance requirements of the programs. Because the grant agreements were between the Indiana Department of Education and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

*Cash Management*

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the requirement that program costs be paid before reimbursement of those costs is requested. Reimbursement requests were prepared and submitted by the Cooperative's Treasurer with no oversight, review, or approval.

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that there was proper segregation of duties regarding reporting. Reimbursement requests and Final Expenditure Reports were prepared and submitted by the Cooperative's Treasurer with no oversight, review, or approval.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal

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

award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the cash management and reporting requirements.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the cash management and reporting requirements 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 Cash Management and Reporting 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: Special Education Cluster (IDEA) - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 99914-027-TA01, 14214-027-PN01,  
45714-027-PN01, 45715-027-PN01,  
45716-027-PN01, 14215-027-PN01,  
14216-027-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. The School Corporation is a participating member school corporation of the Hancock Madison Shelby Educational Services Cooperative (Cooperative). The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative.

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

During the audit period, the fiscal agent of the Cooperative expended Special Education Cluster (IDEA) program funds on behalf of the School Corporation for grant awards prior to fiscal year 2017. The School Corporation relied on the Cooperative to comply with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements of the programs. Because the grant agreements were between the Indiana Department of Education and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

The Cooperative Treasurer prepared claims for payment of programs activities and costs and paid the claims prior to review or approval. The School Corporation also had not designed or implemented adequate policies and procedures to ensure that the required Semi-Annual Certifications were reviewed and approved by the employee's supervisor and retained for audit.

No Semi-Annual Certifications or other documentation of personnel expenses were presented for the period of July 1, 2015 to December 31, 2015. In addition, Semi-Annual Certifications provided for the remainder of the audit period were not always approved by the Executive Director of the School Corporation Council.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

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

2 CFR 200.430(i) states in part:

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

These records must:

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

*Cause*

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements 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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

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

***FINDING 2017-003***

Subject: Special Education Grants to States - Procurement and Suspension and Debarment  
Federal Agency: Department of Education  
Federal Program: Special Education\_Grants to States  
CFDA Number: 84.027  
Federal Award Numbers and Years (or Other Identifying Numbers): 14214-027-PN01, 14215-027-PN01,  
14216-027-PN01, 14217-025-PN01,  
99914-027-TA01

Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*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 is a participating member school corporation of the Hancock Madison Shelby Educational Services Cooperative (Cooperative).

During the audit period, the fiscal agent of the Cooperative expended Special Education Cluster (IDEA) program funds on behalf of the School Corporation for grant awards prior to fiscal year 2017. The School Corporation relied on the Cooperative to comply with the procurement and suspension and debarment requirements for the grants prior to fiscal year 2017. Because the grant agreements were between the Indiana Department of Education and each member of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirements.

*Procurement*

The School Corporation had not established effective controls to ensure that proper procurement policies were followed by the Cooperative.

*Suspension and Debarment*

The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance 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 noncompliance were systemic issues throughout the audit period.

*Criteria*

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

You do this by:

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

*Cause*

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 an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

www.nwshelbyschools.org

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2015-001**

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

#### Status of Audit Finding:

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

UPDATE: We have implemented a check log where checks that are sent to our office are listed. In addition, we have continued to have the person who deposits the checks be different from who creates the receipts/posting. If the person who made the deposit, due to timing, needs to also post the deposit, another person in the office verifies accuracy and signs off on it.

*Superintendent*  
Mr. Chris Hoke

*Treasurer*  
Mrs. Laura Mullen

*Technology Director*  
Mr. Josh Landis

*Maintenance Director*  
Mr. Chuck Miller

*Transportation Director*  
Mrs. Susie Childress

*Special Education Director*  
Mrs. Terri Branson

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

  
\_\_\_\_\_  
(Signature)

*Corporation Treasurer*  
\_\_\_\_\_  
(Title)

*9/25/2018*  
\_\_\_\_\_  
(Date)

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

www.nwshelbyschools.org

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2015-002**

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

#### Status of Audit Finding:

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

UPDATE Beginning with the 16/17 SEFA, we have a second person in the office verify the information for accuracy and sign the documentation before submission into Gateway. Also, during the audit process, a second person checks the information before turning it into the auditor.

*Superintendent*  
Mr. Chris Hoke

*Treasurer*  
Mrs. Laura Mullen

*Technology Director*  
Mr. Josh Landis

*Maintenance Director*  
Mr. Chuck Miller

*Transportation Director*  
Mrs. Susie Childress

*Special Education Director*  
Mrs. Terri Branson

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

Laura Mullen  
(Signature)

Corporation Treasurer  
(Title)

9/25/2018  
(Date)

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

www.nwshelbyschools.org

Superintendent  
Mr. Chris Hoke

Treasurer  
Mrs. Laura Mullen

Technology Director  
Mr. Josh Landis

Maintenance Director  
Mr. Chuck Miller

Transportation Director  
Mrs. Susie Childress

Special Education Director  
Mrs. Terri Branson

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

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### FINDING 2015-003

Fiscal year in which the finding initially occurred: 2013  
Indiana Department of Education  
Contact Person Responsible for Corrective Action: Laura Mullen  
Contact Phone Number: 317-835-7461

#### Status of Audit Finding:

Beginning with the finding number 2013-006, the Food Service Director began to have a second person review and sign off on the monthly claims. When a new school year started, the previous Food Service Director and the food service management company did not continue to have a second person double check and sign the claims. To correct this, the Food Service Director will be required to bring a copy of the monthly claim to the Corporation Treasurer for verification. The Corporation Treasurer will sign off on the reports. Copies will be kept in the Corporation Office and the Food Service Office.

UPDATE: Beginning with the August 2017 reimbursement claim the Food Service Director now brings the reimbursement claim to the Corporation Treasurer for review and signature. The original is kept with the food service department's records. A copy is kept in the Corporation Treasurer's office.

Laura Mullen  
(Signature)

Corporation Treasurer  
(Title)

9/25/2018  
(Date)

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

www.nwshelbyschools.org

Superintendent  
Mr. Chris Hoke

Treasurer  
Mrs. Laura Mullen

Technology Director  
Mr. Josh Landis

Maintenance Director  
Mr. Chuck Miller

Transportation Director  
Mrs. Susie Childress

Special Education Director  
Mrs. Terri Branson

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

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### FINDING 2015-004

Fiscal year in which the finding initially occurred: 2015  
Indiana Department of Education  
Contact Person Responsible for Corrective Action: Laura Mullen  
Contact Phone Number: 317-835-7461

#### Status of Audit Finding:

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

UPDATE: Beginning with School Board approval of the 18/19 school lunch prices on 06/13/18, the Food Service Director provides a copy of the website calculation to substantiate the school lunch & breakfast prices. This printout is also provided to the School Board when their approval is requested.

Laura Mullen  
(Signature)

Corporation Treasurer  
(Title)

9/25/2018  
(Date)

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

www.nwshelbyschools.org

*Superintendent*  
Mr. Chris Hoke

*Treasurer*  
Mrs. Laura Mullen

*Technology Director*  
Mr. Josh Landis

*Maintenance Director*  
Mr. Chuck Miller

*Transportation Director*  
Mrs. Susie Childress

*Special Education Director*  
Mrs. Terri Branson

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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-005**

Fiscal year in which the finding initially occurred: 2015  
Indiana Department of Education  
Contact Person Responsible for Corrective Action: Laura Mullen  
Contact Phone Number: 317-835-7461

#### Status of Audit Finding:

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

UPDATE: A file has been created for Suspension and Debarment checks on the SAMS website. We have also learned of a clause that can be added to vendor contracts verifying they are not on the suspension or debarment list. A contract file is also being maintained.

*Laura A Mullen*  
(Signature)

*Corporation Treasurer*  
(Title)

*9/25/2018*  
(Date)

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

[www.nwshelbyschools.org](http://www.nwshelbyschools.org)

## CORRECTIVE ACTION PLAN

### FINDING 2017-001

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

Views of Responsible Official: We agree

#### Description of Corrective Action Plan:

We were a member school corporation of the Hancock Madison Shelby Education Services Cooperative during part of the audit period. The 2015/2016 Special Education Grant monies were held by the Cooperative. During the 2016/2017 period, the grant monies were held by our school corporation. The cooperative disbanded at the end of the 2016/2017 fiscal year. When we took over the management of our own grant monies, we have made an ongoing effort to address and correct the internal control issues listed in reference to Cash Management, and Reporting. Examples are duplicate signatures on reimbursement requests, double signatures on reporting, creation of a Suspension and Disbarment file, etc.

Anticipated Completion Date: January 1, 2019

A handwritten signature in blue ink that reads "Laura Mullen". The signature is written in a cursive style and is positioned above a horizontal line.

Corporation Treasurer  
October, 2, 2018

*Superintendent*  
Mr. Chris Hoke

*Treasurer*  
Mrs. Laura Mullen

*Technology Director*  
Mr. Josh Landis

*Maintenance Director*  
Mr. Chuck Miller

*Transportation Director*  
Mrs. Susie Childress

*Special Education Director*  
Mrs. Terri Branson

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

[www.nwshelbyschools.org](http://www.nwshelbyschools.org)

## CORRECTIVE ACTION PLAN

### FINDING 2017-002

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

Views of Responsible Official: We agree

#### Description of Corrective Action Plan:

We were a member school corporation of the Hancock Madison Shelby Education Services Cooperative during part of the audit period. The 2015/2016 Special Education Grant monies were held by the Cooperative. During the 2016/2017 period, the grant monies were held by our school corporation. The cooperative disbanded at the end of the 2016/2017 fiscal year. When we took over the management of our own grant monies, we have made an ongoing effort to address and correct the internal control issues listed in reference to Activities Allowed or Un-allowed, and Allowable Costs. We will only make distributions from the federal grant monies that are approved in the grant. We will obtain Semi-Annual Certifications and be sure that they are signed by the appropriate directors.

Anticipated Completion Date: January 1, 2019

Corporation Treasurer  
October, 2, 2018

*Superintendent*  
Mr. Chris Hoke

*Treasurer*  
Mrs. Laura Mullen

*Technology Director*  
Mr. Josh Landis

*Maintenance Director*  
Mr. Chuck Miller

*Transportation Director*  
Mrs. Susie Childress

*Special Education Director*  
Mrs. Terri Branson

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



Northwestern  
Consolidated School  
District of Shelby County

4920 W. 600 N  
Fairland, IN 46126

Phone: 317-835-7461  
Fax: 317-835-4441

[www.nwshelbyschools.org](http://www.nwshelbyschools.org)

## CORRECTIVE ACTION PLAN

### FINDING 2017-003

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

Views of Responsible Official: We agree

#### Description of Corrective Action Plan:

We will continue to address and correct internal control issues over procurement, and Suspension & Disbarment. We will follow the procurement policies specific to the Special Education program. We will our monitor vendors paid from federal grants by setting up annual check of the vendors' status. We will also check the vendors listed in the grant at the time of the grant approval.

Anticipated Completion Date: January 1, 2019

Corporation Treasurer  
October, 2, 2018

*Superintendent*  
Mr. Chris Hoke

*Treasurer*  
Mrs. Laura Mullen

*Technology Director*  
Mr. Josh Landis

*Maintenance Director*  
Mr. Chuck Miller

*Transportation Director*  
Mrs. Susie Childress

*Special Education Director*  
Mrs. Terri Branson

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

## 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/>.