

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
WHITLEY COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/27/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kirk Doehrmann Dr. Laura McDermott (interim) Todd Fleetwood	07-01-16 to 02-17-17 02-18-17 to 04-16-17 04-17-17 to 06-30-19
Superintendent of Schools	Dr. Patricia O'Connor	07-01-16 to 06-30-20
President of the School Board	Donald Armstrong	01-01-16 to 12-31-19



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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 WHITLEY COUNTY CONSOLIDATED  
SCHOOLS, WHITLEY COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Whitley County Consolidated Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

***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, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2019, 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

March 12, 2019



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

TO: THE OFFICIALS OF THE WHITLEY COUNTY CONSOLIDATED  
SCHOOLS, WHITLEY 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 Whitley County Consolidated Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 12, 2019, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.



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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

**Whitley County Consolidated Schools' Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

March 12, 2019

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 2,723,127	\$ 22,491,301	\$ 21,607,722	\$ 730	\$ 3,607,436	\$ 23,215,249	\$ 21,584,788	\$ -	\$ 5,237,897
Referendum Tax Levy	-	-	-	-	-	1,357,611	1,036,000	-	321,611
Debt Service	2,781,541	5,214,069	7,350,395	(20,831)	624,384	4,873,583	2,918,620	(19,789)	2,559,558
Retirement/Severance Bond Debt Service	330,812	559,223	561,678	-	328,357	513,381	567,781	-	273,957
Capital Projects	2,305,716	3,198,347	2,818,606	535	2,685,992	3,371,375	3,598,650	-	2,458,717
School Transportation	544,873	2,073,577	1,932,294	-	686,156	2,113,243	1,989,864	-	809,535
School Bus Replacement	280,817	283,996	-	-	564,813	473,285	477,046	-	561,052
Rainy Day	1,777,033	-	41,117	-	1,735,916	-	17,610	-	1,718,306
Construction	97,902	-	91,326	-	6,576	-	958	-	5,618
2017 Construction - Real Estate	-	-	-	-	-	216,900	4,130	-	212,770
School Lunch	262,042	1,287,560	1,200,175	-	349,427	1,240,254	1,148,474	-	441,207
Textbook Rental	745,983	306,994	291,546	20,831	782,262	266,891	244,227	19,789	824,715
Repair and Replacement	20,340	58,535	22,292	-	56,583	51,354	66,919	-	41,018
Self-Insurance	2,825	-	-	-	2,825	-	-	-	2,825
Educational License Plates	14,625	244	-	-	14,869	150	-	-	15,019
Alternative Education	1,058	-	-	-	1,058	-	-	-	1,058
Literacy Early Intervention FY 15-16	2,800	9,500	11,390	-	910	-	-	-	910
Literacy Early Intervention FY 16-17	-	18,092	-	-	18,092	-	18,092	-	-
Literacy Early Intervention FY 17-18	-	-	-	-	-	-	3,149	-	(3,149)
Lilly Counseling Initiative	-	60,242	41,527	-	18,715	-	18,794	-	(79)
SY 2017 -18 Grants	-	-	-	-	-	55,601	39,669	-	15,932
DEKKO Kindergarten	841	-	409	-	432	-	-	-	432
Miscellaneous Grants	50,652	88,379	98,044	-	40,987	-	19,164	-	21,823
Miscellaneous Grants Substitutes	186	-	797	-	(611)	-	(611)	-	-
Teaching Excellence	1,000	-	-	-	1,000	-	-	-	1,000
Project Lead the Way	18,055	-	8,961	-	9,094	-	3,750	-	5,344
Schwab Foundation	15,972	-	-	-	15,972	-	-	-	15,972
Community Partnership New Tech Tops	-	8,680	8,680	-	-	-	-	-	-
Community Partnership PBL 101 Buck Ins	20,204	-	78	-	20,126	-	203	-	19,923
Whitley Forward Stem Grant	2,465	-	-	-	2,465	-	-	-	2,465
DEKKO Technology Project	20,235	-	5,998	-	14,237	-	-	-	14,237
High Ability Grant FY 15-16	2,763	-	2,763	-	-	-	-	-	-
High Ability Grant FY 16-17	-	37,997	34,180	-	3,817	-	3,798	-	19
High Ability Grant FY 17-18	-	-	-	-	-	38,137	32,594	-	5,543
Formative Assessment	-	45,192	34,024	-	11,168	42,594	50,344	-	3,418
Petty Cash	300	-	-	-	300	-	-	-	300

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
Secured Schools Safety Grant	-	3,736	43,174	-	(39,438)	43,174	53,734	-	(49,998)
Non-English Speaking Programs FY 15-16	10	-	10	-	-	-	-	-	-
Non-English Speaking Programs FY 16-17	-	2,600	2,600	-	-	-	-	-	-
Non-English Speaking Programs FY 17-18	-	-	-	-	-	4,250	4,250	-	-
School Technology	2,244	10,628	8,724	-	4,148	14,250	18,398	-	-
Technology Grants	-	338,831	71,320	-	267,511	-	124,169	-	143,342
Career and Technical Performance Grant	-	12,728	10,000	-	2,728	17,664	7,000	-	13,392
Performance Based Awards	-	-	-	-	-	105,428	105,428	-	-
Learn More In-College Success	918	-	-	-	918	-	-	-	918
Senator David Ford Technology	(9,622)	56,939	64,870	-	(17,553)	18,009	456	-	-
Title I FY 15-16	(10,367)	42,745	32,378	-	-	-	-	-	-
Title I FY 16-17	-	238,888	254,461	-	(15,573)	60,609	45,036	-	-
Title I FY 17-18	-	-	-	-	-	170,411	213,548	-	(43,137)
IDEA Part B FY 14-15	(1,352)	11,277	9,925	-	-	-	-	-	-
IDEA Part B FY 15-16	(40,755)	130,402	102,999	-	(13,352)	22,567	9,215	-	-
IDEA Part B FY 16-17	-	571,235	606,452	-	(35,217)	119,356	87,494	-	(3,355)
IDEA Part B FY 17-18	-	-	-	-	-	490,356	595,835	-	(105,479)
IDEA Part B Preschool FY 15-16	(1,156)	5,780	4,624	-	-	-	-	-	-
IDEA Part B Preschool FY 16-17	-	25,632	26,705	-	(1,073)	5,365	4,292	-	-
IDEA Part B Preschool FY 17-18	-	-	-	-	-	21,569	26,338	-	(4,769)
SY 17-18 Title IV Part A	-	-	-	-	-	-	4,937	-	(4,937)
Other Federal Programs	43	-	-	-	43	-	-	-	43
Title II Part A FY 14-15	-	73	73	-	-	-	-	-	-
Title II Part A FY 15-16	(4,081)	37,079	32,998	-	-	-	-	-	-
Title II Part A FY 16-17	-	21,041	29,641	-	(8,600)	51,249	51,046	-	(8,397)
Title II Part A FY 17-18	-	-	-	-	-	-	6,684	-	(6,684)
Title I - School Improvement	-	-	-	-	-	16,893	21,018	-	(4,125)
Payroll Withholdings	112,317	17,435,571	17,312,603	-	235,285	17,762,169	17,844,108	-	153,346
In/Out Clearing Fund	-	-	-	-	-	184,591	145,295	-	39,296
Prepaid Food	-	290,804	260,275	-	30,529	627,766	574,828	-	83,467
Fringe Benefit Clearing Fund	-	10,430	10,430	-	-	11,148	11,139	-	9
<b>Totals</b>	<b>\$ 12,072,366</b>	<b>\$ 54,988,347</b>	<b>\$ 55,048,264</b>	<b>\$ 1,265</b>	<b>\$ 12,013,714</b>	<b>\$ 57,576,432</b>	<b>\$ 53,798,261</b>	<b>\$ -</b>	<b>\$ 15,791,885</b>

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

**E. Disbursements**

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

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

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

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

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

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

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

**F. Other Financing Sources and Uses**

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

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

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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

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



WHITLEY COUNTY CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Disbursement**

The financial statement contains a disbursement which appears as a negative entry in the Miscellaneous Grants Substitutes fund. This is a result of the correction of an error from the prior period. The error made in the prior period was corrected by reversing the original entry.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. Others are a result of disbursing more funds than what were received.

**Note 9. Holding Corporation**

The School Corporation has entered into a capital lease with Whitley County Multi-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 2017 and 2018 totaled \$7,348,395 and \$2,918,620, 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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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 For the Year Ended June 30, 2017

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	2017 Construction - Real Estate
Cash and investments - beginning	\$ 2,723,127	\$ -	\$ 2,781,541	\$ 330,812	\$ 2,305,716	\$ 544,873	\$ 280,817	\$ 1,777,033	\$ 97,902	\$ -
Receipts:										
Local sources	286,752	-	5,214,069	559,223	3,198,347	2,073,577	283,996	-	-	-
Intermediate sources	57	-	-	-	-	-	-	-	-	-
State sources	22,204,492	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	22,491,301	-	5,214,069	559,223	3,198,347	2,073,577	283,996	-	-	-
Disbursements:										
Instruction	14,448,322	-	-	-	-	-	-	-	-	-
Support services	6,808,799	-	-	-	2,284,327	1,932,294	-	41,117	-	-
Noninstructional services	350,601	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	534,279	-	-	-	91,326	-
Debt service	-	-	7,350,395	561,678	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,607,722	-	7,350,395	561,678	2,818,606	1,932,294	-	41,117	91,326	-
Excess (deficiency) of receipts over disbursements	883,579	-	(2,136,326)	(2,455)	379,741	141,283	283,996	(41,117)	(91,326)	-
Other financing sources (uses):										
Sale of capital assets	730	-	-	-	535	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(20,831)	-	-	-	-	-	-	-
Total other financing sources (uses)	730	-	(20,831)	-	535	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	884,309	-	(2,157,157)	(2,455)	380,276	141,283	283,996	(41,117)	(91,326)	-
Cash and investments - ending	\$ 3,607,436	\$ -	\$ 624,384	\$ 328,357	\$ 2,685,992	\$ 686,156	\$ 564,813	\$ 1,735,916	\$ 6,576	\$ -

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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 For the Year Ended June 30, 2017

	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Educational License Plates	Alternative Education	Literacy Early Intervention FY 15-16	Literacy Early Intervention FY 16-17	Literacy Early Intervention FY 17-18	Lilly Counseling Initiative
Cash and investments - beginning	\$ 262,042	\$ 745,983	\$ 20,340	\$ 2,825	\$ 14,625	\$ 1,058	\$ 2,800	\$ -	\$ -	\$ -
Receipts:										
Local sources	678,823	232,475	-	-	-	-	-	-	-	60,242
Intermediate sources	-	-	-	-	244	-	-	-	-	-
State sources	19,928	74,519	-	-	-	9,500	18,092	-	-	-
Federal sources	588,809	-	-	-	-	-	-	-	-	-
Other receipts	-	-	58,535	-	-	-	-	-	-	-
Total receipts	1,287,560	306,994	58,535	-	244	9,500	18,092	-	-	60,242
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	647	291,546	22,292	-	-	11,390	-	-	-	41,527
Noninstructional services	1,152,471	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	47,057	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,200,175	291,546	22,292	-	-	11,390	-	-	-	41,527
Excess (deficiency) of receipts over disbursements	87,385	15,448	36,243	-	244	(1,890)	18,092	-	-	18,715
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	20,831	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	20,831	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	87,385	36,279	36,243	-	244	(1,890)	18,092	-	-	18,715
Cash and investments - ending	\$ 349,427	\$ 782,262	\$ 56,583	\$ 2,825	\$ 14,869	\$ 1,058	\$ 910	\$ 18,092	\$ -	\$ 18,715

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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	SY 2017 -18 Grants	DEKKO Kindergarten	Miscellaneous Grants	Miscellaneous Grants Substitutes	Teaching Excellence	Project Lead the Way	Schwab Foundation	Community Partnership New Tech Tops	Community Partnership PBL 101 Buck Ins	Whitley Forward Stem Grant
Cash and investments - beginning	\$ -	\$ 841	\$ 50,652	\$ 186	\$ 1,000	\$ 18,055	\$ 15,972	\$ -	\$ 20,204	\$ 2,465
Receipts:										
Local sources	-	-	88,379	-	-	-	-	8,680	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	88,379	-	-	-	-	8,680	-	-
Disbursements:										
Instruction	-	-	95,935	-	-	8,961	-	-	-	-
Support services	-	409	2,109	797	-	-	-	8,680	78	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	409	98,044	797	-	8,961	-	8,680	78	-
Excess (deficiency) of receipts over disbursements	-	(409)	(9,665)	(797)	-	(8,961)	-	-	(78)	-
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	-	(409)	(9,665)	(797)	-	(8,961)	-	-	(78)	-
Cash and investments - ending	\$ -	\$ 432	\$ 40,987	\$ (611)	\$ 1,000	\$ 9,094	\$ 15,972	\$ -	\$ 20,126	\$ 2,465

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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	DEKKO Technology Project	High Ability Grant FY 15-16	High Ability Grant FY 16-17	High Ability Grant FY 17-18	Formative Assessment	Petty Cash	Secured Schools Safety Grant	Non-English Speaking Programs FY 15-16	Non-English Speaking Programs FY 16-17	Non-English Speaking Programs FY 17-18
Cash and investments - beginning	\$ 20,235	\$ 2,763	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ 10	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	37,997	-	45,192	-	3,736	-	2,600	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	37,997	-	45,192	-	3,736	-	2,600	-
Disbursements:										
Instruction	-	2,763	34,180	-	-	-	-	10	2,600	-
Support services	5,998	-	-	-	34,024	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	43,174	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,998	2,763	34,180	-	34,024	-	43,174	10	2,600	-
Excess (deficiency) of receipts over disbursements	(5,998)	(2,763)	3,817	-	11,168	-	(39,438)	(10)	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,998)	(2,763)	3,817	-	11,168	-	(39,438)	(10)	-	-
Cash and investments - ending	\$ 14,237	\$ -	\$ 3,817	\$ -	\$ 11,168	\$ 300	\$ (39,438)	\$ -	\$ -	\$ -

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	School Technology	Technology Grants	Career and Technical Performance Grant	Performance Based Awards	Learn More In-College Success	Senator David Ford Technology	Title I FY 15-16	Title I FY 16-17	Title I FY 17-18	IDEA PART B FY 14-15
Cash and investments - beginning	\$ 2,244	\$ -	\$ -	\$ -	\$ 918	\$ (9,622)	\$ (10,367)	\$ -	\$ -	\$ (1,352)
Receipts:										
Local sources	-	338,831	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	10,628	-	12,728	-	-	56,939	-	-	-	-
Federal sources	-	-	-	-	-	-	42,745	238,888	-	11,277
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	10,628	338,831	12,728	-	-	56,939	42,745	238,888	-	11,277
Disbursements:										
Instruction	-	-	10,000	-	-	-	32,378	245,397	-	2,477
Support services	8,724	71,320	-	-	-	64,870	-	8,094	-	7,448
Noninstructional services	-	-	-	-	-	-	-	970	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,724	71,320	10,000	-	-	64,870	32,378	254,461	-	9,925
Excess (deficiency) of receipts over disbursements	1,904	267,511	2,728	-	-	(7,931)	10,367	(15,573)	-	1,352
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,904	267,511	2,728	-	-	(7,931)	10,367	(15,573)	-	1,352
Cash and investments - ending	\$ 4,148	\$ 267,511	\$ 2,728	\$ -	\$ 918	\$ (17,553)	\$ -	\$ (15,573)	\$ -	\$ -



WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	IDEA PART B FY 15-16	IDEA PART B FY 16-17	IDEA PART B FY 17-18	IDEA PART B Preschool FY 15-16	IDEA PART B Preschool FY 16-17	IDEA PART B Preschool FY 17-18	SY 17-18 Title IV Part A	Other Federal Programs	Title II Part A FY 14-15
Cash and investments - beginning	\$ (40,755)	\$ -	\$ -	\$ (1,156)	\$ -	\$ -	\$ -	\$ 43	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	130,402	571,235	-	5,780	25,632	-	-	-	73
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	130,402	571,235	-	5,780	25,632	-	-	-	73
Disbursements:									
Instruction	31,415	75,863	-	4,624	26,705	-	-	-	-
Support services	71,584	530,589	-	-	-	-	-	-	73
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	102,999	606,452	-	4,624	26,705	-	-	-	73
Excess (deficiency) of receipts over disbursements	27,403	(35,217)	-	1,156	(1,073)	-	-	-	-
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	27,403	(35,217)	-	1,156	(1,073)	-	-	-	-
Cash and investments - ending	\$ (13,352)	\$ (35,217)	\$ -	\$ -	\$ (1,073)	\$ -	\$ -	\$ 43	\$ -

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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	Title II Part A FY 15-16	Title II Part A FY 16-17	Title II Part A FY 17-18	Title I - School Improvement	Payroll Withholdings	In/Out Clearing Fund	Prepaid Food	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ (4,081)	\$ -	\$ -	\$ -	\$ 112,317	\$ -	\$ -	\$ -	\$ 12,072,366
Receipts:									
Local sources	-	-	-	-	-	-	-	-	13,023,394
Intermediate sources	-	-	-	-	-	-	-	-	301
State sources	-	-	-	-	-	-	-	-	22,496,351
Federal sources	37,079	21,041	-	-	-	-	-	-	1,672,961
Other receipts	-	-	-	-	17,435,571	-	290,804	10,430	17,795,340
Total receipts	37,079	21,041	-	-	17,435,571	-	290,804	10,430	54,988,347
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	15,021,630
Support services	32,998	29,641	-	-	-	-	-	-	12,311,375
Noninstructional services	-	-	-	-	-	-	-	-	1,504,042
Facilities acquisition and construction	-	-	-	-	-	-	-	-	715,836
Debt service	-	-	-	-	-	-	-	-	7,912,073
Nonprogrammed charges	-	-	-	-	17,312,603	-	260,275	10,430	17,583,308
Total disbursements	32,998	29,641	-	-	17,312,603	-	260,275	10,430	55,048,264
Excess (deficiency) of receipts over disbursements	4,081	(8,600)	-	-	122,968	-	30,529	-	(59,917)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	1,265
Transfers in	-	-	-	-	-	-	-	-	20,831
Transfers out	-	-	-	-	-	-	-	-	(20,831)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,265
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,081	(8,600)	-	-	122,968	-	30,529	-	(58,652)
Cash and investments - ending	\$ -	\$ (8,600)	\$ -	\$ -	\$ 235,285	\$ -	\$ 30,529	\$ -	\$ 12,013,714

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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 For the Year Ended June 30, 2018

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	2017 Construction - Real Estate
Cash and investments - beginning	\$ 3,607,436	\$ -	\$ 624,384	\$ 328,357	\$ 2,685,992	\$ 686,156	\$ 564,813	\$ 1,735,916	\$ 6,576	\$ -
Receipts:										
Local sources	293,255	1,357,611	4,873,583	513,381	3,371,375	2,113,243	473,285	-	-	216,900
Intermediate sources	61	-	-	-	-	-	-	-	-	-
State sources	22,921,933	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>23,215,249</u>	<u>1,357,611</u>	<u>4,873,583</u>	<u>513,381</u>	<u>3,371,375</u>	<u>2,113,243</u>	<u>473,285</u>	<u>-</u>	<u>-</u>	<u>216,900</u>
Disbursements:										
Instruction	14,045,729	-	-	-	-	-	-	-	-	-
Support services	7,177,410	-	-	-	2,388,580	1,989,864	477,046	17,610	-	2,400
Noninstructional services	361,649	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,210,070	-	-	-	958	1,730
Debt service	-	1,036,000	2,918,620	567,781	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>21,584,788</u>	<u>1,036,000</u>	<u>2,918,620</u>	<u>567,781</u>	<u>3,598,650</u>	<u>1,989,864</u>	<u>477,046</u>	<u>17,610</u>	<u>958</u>	<u>4,130</u>
Excess (deficiency) of receipts over disbursements	<u>1,630,461</u>	<u>321,611</u>	<u>1,954,963</u>	<u>(54,400)</u>	<u>(227,275)</u>	<u>123,379</u>	<u>(3,761)</u>	<u>(17,610)</u>	<u>(958)</u>	<u>212,770</u>
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(19,789)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(19,789)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,630,461</u>	<u>321,611</u>	<u>1,935,174</u>	<u>(54,400)</u>	<u>(227,275)</u>	<u>123,379</u>	<u>(3,761)</u>	<u>(17,610)</u>	<u>(958)</u>	<u>212,770</u>
Cash and investments - ending	<u>\$ 5,237,897</u>	<u>\$ 321,611</u>	<u>\$ 2,559,558</u>	<u>\$ 273,957</u>	<u>\$ 2,458,717</u>	<u>\$ 809,535</u>	<u>\$ 561,052</u>	<u>\$ 1,718,306</u>	<u>\$ 5,618</u>	<u>\$ 212,770</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	School Lunch	Textbook Rental	Repair and Replacement	Self-Insurance	Educational License Plates	Alternative Education	Literacy Early Intervention FY 15-16	Literacy Early Intervention FY 16-17	Literacy Early Intervention FY 17-18	Lilly Counseling Initiative
Cash and investments - beginning	\$ 349,427	\$ 782,262	\$ 56,583	\$ 2,825	\$ 14,869	\$ 1,058	\$ 910	\$ 18,092	\$ -	\$ 18,715
Receipts:										
Local sources	580,864	178,910	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	150	-	-	-	-	-
State sources	19,928	87,981	-	-	-	-	-	-	-	-
Federal sources	639,462	-	-	-	-	-	-	-	-	-
Other receipts	-	-	51,354	-	-	-	-	-	-	-
Total receipts	1,240,254	266,891	51,354	-	150	-	-	-	-	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	14,100	3,149	-
Support services	321	244,227	66,919	-	-	-	-	3,992	-	18,794
Noninstructional services	1,107,422	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	40,731	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,148,474	244,227	66,919	-	-	-	-	18,092	3,149	18,794
Excess (deficiency) of receipts over disbursements	91,780	22,664	(15,565)	-	150	-	-	(18,092)	(3,149)	(18,794)
Other financing sources (uses):										
Transfers in	-	19,789	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	19,789	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	91,780	42,453	(15,565)	-	150	-	-	(18,092)	(3,149)	(18,794)
Cash and investments - ending	\$ 441,207	\$ 824,715	\$ 41,018	\$ 2,825	\$ 15,019	\$ 1,058	\$ 910	\$ -	\$ (3,149)	\$ (79)

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	SY 2017 -18 Grants	DEKKO Kindergarten	Miscellaneous Grants	Miscellaneous Grants Substitutes	Teaching Excellence	Project Lead the Way	Schwab Foundation	Community Partnership New Tech Tops	Community Partnership PBL 101 Buck Ins	Whitley Forward Stem Grant
Cash and investments - beginning	\$ -	\$ 432	\$ 40,987	\$ (611)	\$ 1,000	\$ 9,094	\$ 15,972	\$ -	\$ 20,126	\$ 2,465
Receipts:										
Local sources	55,601	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	55,601	-	-	-	-	-	-	-	-	-
Disbursements:										
Instruction	24,206	-	16,583	-	-	3,750	-	-	-	-
Support services	15,463	-	2,581	(611)	-	-	-	-	203	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	39,669	-	19,164	(611)	-	3,750	-	-	203	-
Excess (deficiency) of receipts over disbursements	15,932	-	(19,164)	611	-	(3,750)	-	-	(203)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,932	-	(19,164)	611	-	(3,750)	-	-	(203)	-
Cash and investments - ending	\$ 15,932	\$ 432	\$ 21,823	\$ -	\$ 1,000	\$ 5,344	\$ 15,972	\$ -	\$ 19,923	\$ 2,465

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	DEKKO Technology Project	High Ability Grant FY 15-16	High Ability Grant FY 16-17	High Ability Grant FY 17-18	Formative Assessment	Petty Cash	Secured Schools Safety Grant	Non-English Speaking Programs FY 15-16	Non-English Speaking Programs FY 16-17	Non-English Speaking Programs FY 17-18
Cash and investments - beginning	\$ 14,237	\$ -	\$ 3,817	\$ -	\$ 11,168	\$ 300	\$ (39,438)	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	38,137	42,594	-	43,174	-	-	4,250
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	38,137	42,594	-	43,174	-	-	4,250
Disbursements:										
Instruction	-	-	3,798	32,594	-	-	-	-	-	4,250
Support services	-	-	-	-	50,344	-	5,775	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	47,959	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,798	32,594	50,344	-	53,734	-	-	4,250
Excess (deficiency) of receipts over disbursements	-	-	(3,798)	5,543	(7,750)	-	(10,560)	-	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(3,798)	5,543	(7,750)	-	(10,560)	-	-	-
Cash and investments - ending	\$ 14,237	\$ -	\$ 19	\$ 5,543	\$ 3,418	\$ 300	\$ (49,998)	\$ -	\$ -	\$ -

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	School Technology	Technology Grants	Career and Technical Performance Grant	Performance Based Awards	Learn More In-College Success	Senator David Ford Technology	Title I FY 15-16	Title I FY 16-17	Title I FY 17-18	IDEA PART B FY 14-15
Cash and investments - beginning	\$ 4,148	\$ 267,511	\$ 2,728	\$ -	\$ 918	\$ (17,553)	\$ -	\$ (15,573)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	14,250	-	17,664	105,428	-	18,009	-	-	-	-
Federal sources	-	-	-	-	-	-	60,609	170,411	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	14,250	-	17,664	105,428	-	18,009	60,609	170,411	-	-
Disbursements:										
Instruction	-	-	7,000	104,096	-	-	42,977	213,293	-	-
Support services	18,398	119,149	-	1,332	-	456	2,029	225	-	-
Noninstructional services	-	-	-	-	-	-	30	30	-	-
Facilities acquisition and construction	-	5,020	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	18,398	124,169	7,000	105,428	-	456	45,036	213,548	-	-
Excess (deficiency) of receipts over disbursements	(4,148)	(124,169)	10,664	-	-	17,553	15,573	(43,137)	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,148)	(124,169)	10,664	-	-	17,553	15,573	(43,137)	-	-
Cash and investments - ending	\$ -	\$ 143,342	\$ 13,392	\$ -	\$ 918	\$ -	\$ -	\$ -	\$ (43,137)	\$ -

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	IDEA PART B FY 15-16	IDEA PART B FY 16-17	IDEA PART B FY 17-18	IDEA PART B Preschool FY 15-16	IDEA PART B Preschool FY 16-17	IDEA PART B Preschool FY 17-18	SY 17-18 Title IV Part A	Other Federal Programs	Title II Part A FY 14-15
Cash and investments - beginning	\$ (13,352)	\$ (35,217)	\$ -	\$ -	\$ (1,073)	\$ -	\$ -	\$ 43	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	22,567	119,356	490,356	-	5,365	21,569	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	22,567	119,356	490,356	-	5,365	21,569	-	-	-
Disbursements:									
Instruction	537	14,243	65,376	-	4,292	26,338	664	-	-
Support services	8,678	73,251	530,459	-	-	-	4,273	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,215	87,494	595,835	-	4,292	26,338	4,937	-	-
Excess (deficiency) of receipts over disbursements	13,352	31,862	(105,479)	-	1,073	(4,769)	(4,937)	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,352	31,862	(105,479)	-	1,073	(4,769)	(4,937)	-	-
Cash and investments - ending	\$ -	\$ (3,355)	\$ (105,479)	\$ -	\$ -	\$ (4,769)	\$ (4,937)	\$ 43	\$ -



WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Title II Part A FY 15-16	Title II Part A FY 16-17	Title II Part A FY 17-18	Title I - School Improvement	Payroll Withholdings	In/Out Clearing Fund	Prepaid Food	Fringe Benefit Clearing Fund	Totals
Cash and investments - beginning	\$ -	\$ (8,600)	\$ -	\$ -	\$ 235,285	\$ -	\$ 30,529	\$ -	\$ 12,013,714
Receipts:									
Local sources	-	-	-	-	-	-	-	-	14,028,008
Intermediate sources	-	-	-	-	-	-	-	-	211
State sources	-	-	-	-	-	-	-	-	23,313,348
Federal sources	-	51,249	-	16,893	-	-	-	-	1,597,837
Other receipts	-	-	-	-	17,762,169	184,591	627,766	11,148	18,637,028
Total receipts	-	51,249	-	16,893	17,762,169	184,591	627,766	11,148	57,576,432
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	14,626,975
Support services	-	51,046	6,684	21,018	-	-	-	-	13,297,916
Noninstructional services	-	-	-	-	-	-	-	-	1,469,131
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,306,468
Debt service	-	-	-	-	-	-	-	-	4,522,401
Nonprogrammed charges	-	-	-	-	17,844,108	145,295	574,828	11,139	18,575,370
Total disbursements	-	51,046	6,684	21,018	17,844,108	145,295	574,828	11,139	53,798,261
Excess (deficiency) of receipts over disbursements	-	203	(6,684)	(4,125)	(81,939)	39,296	52,938	9	3,778,171
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	19,789
Transfers out	-	-	-	-	-	-	-	-	(19,789)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	203	(6,684)	(4,125)	(81,939)	39,296	52,938	9	3,778,171
Cash and investments - ending	\$ -	\$ (8,397)	\$ (6,684)	\$ (4,125)	\$ 153,346	\$ 39,296	\$ 83,467	\$ 9	\$ 15,791,885

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
De Lage Landen Public Finance LLC	Copier Lease	\$ 39,566	8/27/2015	5/25/2020
Kansas State Bank	Thinkpad Lease	116,855	11/10/2016	6/19/2019
Kansas State Bank	Ipad Tablets Lease	18,316	5/1/2017	11/20/2020
Kansas State Bank	Chromebooks Lease	76,740	3/10/2017	11/10/2019
Regions Bank - WCMSBC	Refunding Bldg Constr/Remodel Debt-2017	4,011,000	1/15/2008	1/15/2021
Regions Bank - WCMSBC	QSCB for New Tech Renovations-2009	149,627	7/6/2010	7/16/2025
Regions Bank - WCMSBC	QSCB for New Tech Renovations-2010	<u>198,699</u>	7/15/2011	1/15/2026
Total of annual lease payments		<u>\$ 4,610,803</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Refinancing obligation due retiring employees 2015	\$ 1,533,773	\$ 208,720
General obligation bonds	Refinancing severance obligations due retiring employees	<u>357,999</u>	<u>357,999</u>
Totals		<u>\$ 1,891,772</u>	<u>\$ 566,719</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 134,522,180
Machinery, equipment, and vehicles	14,596,595
Books and other	<u>3,208,250</u>
Total capital assets	<u>\$ 152,327,025</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE WHITLEY COUNTY CONSOLIDATED  
SCHOOLS, WHITLEY COUNTY, INDIANA

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

We have audited the Whitley County Consolidated Schools' (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, 2016 to June 30, 2018. 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, 2016 to June 30, 2018.

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

**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 item 2018-002, that we consider to be a material weakness.

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

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

  
Paul D. Joyce, CPA  
State Examiner

March 12, 2019

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 2016/2017	\$ -	\$ 91,346	\$ -	\$ -
School Breakfast			FY 2017/2018	-	-	-	91,551
Total - School Breakfast Program				-	91,346	-	91,551
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch			FY 2016/2017	-	494,130	-	-
National School Lunch			FY 2017/2018	-	-	-	542,522
Commodities			FY 2016/2017	-	123,692	-	-
Commodities			FY 2017/2018	-	-	-	119,334
Total - National School Lunch Program				-	617,822	-	661,856
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program			FY 2016/2017	-	3,333	-	-
Summer Food Service Program			FY 2017/2018	-	-	-	5,389
Total - Summer Food Service Program for Children				-	3,333	-	5,389
Total - Child Nutrition Cluster				-	712,501	-	758,796
Total - Department of Agriculture				-	712,501	-	758,796
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14215-020-PN01	-	11,277	-	-
			14216-018-PN01	-	701,637	-	22,567
			14217-018-PN01	-	-	-	119,355
			18611-018-PN01	-	-	-	490,356
Total - Special Education Grants to States				-	712,914	-	632,278

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45716-018-PN01	-	5,780	-	-
			45717-018-PN01	-	25,632	-	5,365
			18619-018-PN01	-	-	-	21,569
Total - Special Education Preschool Grants				-	31,412	-	26,934
Total - Special Education Cluster (IDEA)				-	744,326	-	659,212
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
			16-8665	-	42,745	-	-
			17-8665	-	238,888	-	60,609
			18-8665	-	-	-	170,411
			S010A170014	-	-	-	16,893
Total - Title I Grants to Local Educational Agencies				-	281,633	-	247,913
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
			14-8665 (S367A140013)	-	73	-	-
			15-8665 (S367A150013)	-	37,079	-	-
			16-8665 (S367A160013)	-	21,041	-	51,249
Total - Supporting Effective Instruction State Grants				-	58,193	-	51,249
Total - Department of Education				-	1,084,152	-	958,374
Total federal awards expended				\$ -	\$ 1,796,653	\$ -	\$ 1,717,170

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
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, 2017 and 2018. 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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

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

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

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2018-001**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-001.

*Condition*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's SEFA. The School Corporation did create an approval process involving the Superintendent of Schools' review of the SEFA to ensure the SEFA was accurate. However, the approval process did not detect the errors in the SEFA.

*Context*

The SEFA presented for audit contained the following errors:

1. The Special Education Cluster (IDEA) was understated by \$571,235 in fiscal year 2016-2017.
2. The Commodities for the Child Nutrition Cluster were understated by \$19,596 and \$7,434 in fiscal years 2016-2017 and 2017-2018, respectively.
3. There were various errors in identifying correct program titles.

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

*Criteria*

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

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

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

*Effect*

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

*Recommendation*

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

*Views of Responsible Officials*

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2018-002**

Subject: School Breakfast Program, National School Lunch Program - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016/2017; FY 2017/2018  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-002.

*Condition*

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure the yearly School Food Authority (SFA) Verification Collection Report was correct. The report was completed by one employee and there was no evidence that this report was reviewed by another employee.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not developed an effective internal control system that segregated key functions related to Reporting.



WHITLEY COUNTY CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish an effective internal control system related to the grant agreement and the 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.

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#### AUDITEE-PREPARED DOCUMENTS

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



# Whitley County Consolidated Schools

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**Dr. Patricia O'Connor**  
*Superintendent*

**Dr. Laura McDermott**  
*Assistant Superintendent*

**Mr. Todd Fleetwood**  
*Director of Business and  
Operations*

**Mr. Jacob Hoag**  
*Executive Director of  
Innovation and Construction  
Liaison*

February 25, 2018

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **Finding 2016-001**

Fiscal year in which the finding occurred: 2016

Contact Person Responsible for Corrective Action Plan: Todd Fleetwood

Contact Phone number: 260-244-5771

#### **Status of Audit Finding:**

The food service director provides the recipient agency summary to the deputy treasurer, the deputy treasurer then verifies the column totals for commodities and provides the report to the treasurer to enter into the SEFA report on gateway.

### **Finding 2016-002**

Fiscal year in which the finding occurred: 2016

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action Plan: Todd Fleetwood

Contact Phone number: 260-244-5771

#### **Status of Audit Finding:**

Starting in July of 2017, and for the 2017-2018 SY, Internal controls training was conducted. Certifications were signed by staff members.

### **Finding 2016-003**

Fiscal year in which the finding occurred: 2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility

Contact Person Responsible for Corrective Action Plan: Todd Fleetwood

Contact Phone number: 260-244-5771

Status of Audit Finding:

When the FSD received the application, she processes it and then determines eligibility, sends letters to household to notify them of eligibility, free, reduced or denied. FSD makes a copy of letter and attaches it to the process application.

When the DC file is pulled after July 1<sup>st</sup>, students listed on it will receive a letter notifying them of eligibility, and FSD makes copy of letter for school file. New student enrollment, we verify their eligibility on the STN website and follow the same process.

Once an application has been processed, a letter is sent to the household letting them know the status and the FSD keeps a copy of the notice and along with application.

**Finding 2016-004**

Fiscal year in which the finding occurred: 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Program Income  
Contact Person Responsible for Corrective Action Plan: Todd Fleetwood  
Contact Phone number: 260-244-5771

Status of Audit Finding:


The 8400 fund was established in February, 2017 to account for prepaid meals.

**Finding 2016-005**

Fiscal year in which the finding occurred: 2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Special Test – Paid Lunch Equity  
Contact Person Responsible for Corrective Action Plan: Todd Fleetwood  
Contact Phone number: 260-244-5771

Status of Audit Finding:

FSD uses the state PLE tool to determine lunches prices by the meals served for the October. Once the calculation of the tool is complete, the FSD along with treasurer will review the results of the calculation to determine new lunch prices. The FSD will file the PLE calculation.

  
\_\_\_\_\_  
(Signature)  
Business Director  
\_\_\_\_\_  
(Title)



# Whitley County Consolidated Schools

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Todd Fleetwood  
Director of Business and Operations

## CORRECTIVE ACTION PLAN

***FINDING 2018-001***

Contact Person Responsible for Corrective Action: Todd Fleetwood, Director of Business and Operations  
Contact Phone Number: 260-244-5771

Views of Responsible Official:

The School Corporation concurs with the finding

Description of Corrective Action Plan:

Special Education Cluster – This data is compiled and verified by the Deputy Treasurer, submitted to the Treasurer for second review and then entered into the SEFA report on gateway.

Commodities for Child Nutrition - The Food Service Director provides the recipient agency summary to the Deputy Treasurer, the Deputy Treasurer then verifies the column totals for commodities and provides the report to the treasurer to enter into the SEFA report on gateway.

Program titles – Program titles will be kept up to date in the financial system, and verified by the Deputy Treasurer and Treasurer before submission.

Anticipated Completion Date: Starting with the 17-18 SY, action has been corrected

**FINDING 2018-002**

Contact Person Responsible for Corrective Action: Todd Fleetwood, Director of Business and Operations  
Contact Phone Number: 260-244-5771

Views of Responsible Official:

The School Corporation concurs with the finding.

Description of Corrective Action Plan:

School Food Authority (SFA) Verification Collection Report – This report will be generated and signed off by the Food Service Assistant, verified and signed off by the Food Service Director and initialed by the Treasurer.

POS/Skyward Food Service Software Reports – All reports generated from the food service software will be verified and signed by the Food Service Assistant and the Food Service Director.

Anticipated Completion Date: Immediately

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

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

3-12-19  
\_\_\_\_\_  
(Date)

## OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.