

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WHITKO COMMUNITY SCHOOL CORPORATION
KOSCIUSKO COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
04/29/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michelle L. Babcock	09-14-15 to 06-18-18
	(Vacant)	06-19-18 to 08-19-18
	Doretta Buuck	08-20-18 to 11-19-18
	Shannon Ebbinghouse	11-20-18 to 06-30-19
Superintendent of Schools	Steven R. Clason	07-01-14 to 06-30-18
	Nicke Eccles (interim)	07-01-18 to 09-30-18
	Dr. Brandon Penrod	10-01-18 to 06-30-19
President of the School Board	Joseph A. Begley	01-01-15 to 12-31-16
	Georgia Tenney	01-01-17 to 12-31-17
	Jorell Tucker	01-01-18 to 12-31-18
	Carrie L. Hoffman	01-01-19 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 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 27, 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 WHITKO COMMUNITY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Whitko Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 27, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Whitko Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

March 27, 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.

WHITKO COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 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	\$ 1,046,348	\$ 9,767,319	\$ 9,727,614	\$ -	\$ 1,086,053	\$ 9,571,705	\$ 9,526,490	\$ -	\$ 1,131,268
Debt Service	2,104,178	3,471,686	3,404,681	-	2,171,183	3,315,630	3,374,728	-	2,112,085
Retirement/Severance Bond Debt Service	20,457	-	-	-	20,457	-	-	-	20,457
Capital Projects	1,458,954	1,839,750	1,744,679	-	1,554,025	1,817,359	1,465,261	-	1,906,123
School Transportation	479,949	1,013,824	915,574	(150,000)	428,199	1,023,958	948,807	(105,500)	397,850
School Bus Replacement	252,791	321,604	285,499	-	288,896	327,052	312,892	-	303,056
Rainy Day	82,812	-	-	150,000	232,812	-	-	105,500	338,312
Retirement/Severance Bond	33,753	9	26,813	-	6,949	4	6,953	-	-
Construction	853,068	143,955	574,870	-	422,153	2,741	307,786	-	117,108
School Lunch	215,903	707,654	706,529	-	217,028	661,514	631,480	-	247,062
Textbook Rental	296,660	207,160	389,132	-	114,688	193,098	314,442	-	(6,656)
Self-Insurance	-	18,127	18,050	-	77	-	-	-	77
Educational License Plates	4,406	94	-	-	4,500	56	-	-	4,556
Early Intervention Grant 2016-17	-	5,997	-	-	5,997	-	5,997	-	-
Early Intervention Grant 2017-18	-	-	-	-	-	5,773	5,504	-	269
Log Cabin Donations	232	-	-	-	232	-	-	-	232
Donation for SWES Coats	(91)	-	(91)	-	-	-	-	-	-
Summer Arts - WHS	2,197	2,600	3,397	-	1,400	1,400	1,316	-	1,484
Tobacco-Free Grant	3,794	-	-	-	3,794	-	-	-	3,794
INSAI Grant - SWES	526	-	-	-	526	-	-	-	526
EMT Donations	624	-	-	-	624	-	-	-	624
Health Program	67	-	-	-	67	-	-	-	67
Eye Care Donation For Students	105	-	-	-	105	-	-	-	105
Whitley Cares	42	-	-	-	42	-	-	-	42
TCU STEM Donations WMS	302	-	-	-	302	-	-	-	302
REMC - Northern Gases Donations	1,083	-	-	-	1,083	-	-	-	1,083
CBI Donation	2,175	3,928	2,077	-	4,026	2,980	1,908	-	5,098
Preschool	-	-	-	-	-	2,830	-	-	2,830
Donald Love Scholarship	1,807	-	100	-	1,707	-	100	-	1,607
CWA Scholarship	-	-	-	-	-	2,800	-	-	2,800
Driver Education	20,348	23,094	20,972	-	22,470	19,720	21,588	-	20,602
DEKKO Grant - Technology	56	-	56	-	-	-	-	-	-
Whitley County STEM	212	-	-	-	212	-	-	-	212
Hands Foundation	7,069	8,727	14,761	-	1,035	18,121	12,370	-	6,786
DEKKO Grant	5,884	(5,830)	54	-	-	-	-	-	-
Lilly Endowment Grant	-	30,000	6,075	-	23,925	-	23,925	-	-
KCCF Lilly Comp Counseling	-	11,000	-	-	11,000	-	11,000	-	-
PTLW - DEKKO	11,120	99,569	42,153	-	68,536	-	42,534	-	26,002
Monsanto - Ag Power Motors	-	-	-	-	-	25,000	20,402	-	4,598
Formative Assessment	11,570	14,680	22,119	-	4,131	13,388	17,519	-	-
High Ability 2015-16	333	-	333	-	-	-	-	-	-
High Ability 2016-17	(49)	31,315	31,266	-	-	-	-	-	-

WHITKO COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 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
High Ability 2017-18	-	-	-	-	-	30,952	27,330	-	3,622
High Ability 2013-14	5,066	-	-	-	5,066	-	5,066	-	-
NESP 2016-17	-	-	372	-	(372)	2,000	1,628	-	-
NESP 2017-18	-	-	-	-	-	5,500	4,280	-	1,220
School Technology	21,382	92,498	30,660	-	83,220	89,587	40,265	-	132,542
Technology Grants [IC 20-40-15]	-	-	59,256	-	(59,256)	74,800	15,544	-	-
Career and Technical Performance Grant	-	7,992	-	-	7,992	5,919	-	-	13,911
Performance Award	30	94,483	94,513	-	-	40,180	40,180	-	-
Miscellaneous Programs	(42,247)	63,666	71,419	-	(50,000)	50,000	25,000	-	(25,000)
Keys - Kosc. Endowment Youth Service	-	398	398	-	-	-	-	-	-
Title I 2015-16	(29,607)	56,872	27,265	-	-	-	-	-	-
Title I 2016-17	-	203,763	214,675	-	(10,912)	89,175	78,263	-	-
Title I 2017-18	-	-	-	-	-	164,592	211,807	-	(47,215)
Title I Part D 2015-16	(7,727)	15,454	7,727	-	-	-	-	-	-
Title I Part D 2016-17	-	29,720	32,692	-	(2,972)	5,944	2,972	-	-
Title I Part D 2017-18	-	-	-	-	-	30,897	37,873	-	(6,976)
Special Services Preschool	184	-	-	-	184	(184)	-	-	-
Special Services 2009-10 Carryover	95	-	-	-	95	-	95	-	-
Special Services Part B 2014-15	(3,368)	9,337	5,969	-	-	-	-	-	-
Special Services Part B 2015-16	(37,286)	90,247	52,961	-	-	-	-	-	-
Special Services Part B 2016-17	-	288,550	305,804	-	(17,254)	81,298	64,041	-	3
Special Services Part B 2017-18	-	-	-	-	-	236,218	297,289	-	(61,071)
Special Services Preschool 2014-15	(55)	4,165	4,110	-	-	-	-	-	-
Special Services Preschool 2015-16	-	3,718	3,718	-	-	3,957	3,957	-	-
Special Services Preschool 2016-17	-	6,636	6,648	-	(12)	1,432	1,420	-	-
Special Services Preschool 2017-18	-	-	-	-	-	5,796	7,924	-	(2,128)
Drug Free Schools	-	-	-	-	-	-	5,214	-	(5,214)
Medicaid Reimbursement - Federal	122,186	92,361	80,057	-	134,490	80,090	39,210	-	175,370
Non English Speaking Program	-	2,000	-	-	2,000	(2,000)	-	-	-
Title II 2016-17	-	6,262	13,022	-	(6,760)	41,518	41,024	-	(6,266)
Title II 2017-18	-	-	-	-	-	-	1,477	-	(1,477)
Title II 2015-16	(5,561)	8,459	2,898	-	-	-	-	-	-
Title III 2014-16	(933)	1,578	645	-	-	-	-	-	-
Title III 2015-17	-	-	530	-	(530)	1,420	890	-	-
Title III 2016-18	-	-	-	-	-	-	60	-	(60)
Prepaid Food	6,014	296,409	295,477	-	6,946	270,002	267,985	-	8,963
Payroll Deductions	65,554	2,443,320	2,463,945	-	44,929	2,450,764	2,451,882	-	43,811
Totals	<u>\$ 7,012,412</u>	<u>\$ 21,534,150</u>	<u>\$ 21,711,474</u>	<u>\$ -</u>	<u>\$ 6,835,088</u>	<u>\$ 20,764,986</u>	<u>\$ 20,725,678</u>	<u>\$ -</u>	<u>\$ 6,874,396</u>

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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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.

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

WHITKO COMMUNITY SCHOOL CORPORATION
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 Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of corrections to clear out the funds.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the grant funds not receiving reimbursement prior to the end of the audit period except for the Textbook Rental fund. Whitko High School ECA wrote a check for \$56,528 to the School Corporation for textbook rental sales in late June 2018. The School Corporation did not receipt or deposit the check until July 2018.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with Whitko High School Building Corporation. 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 \$3,291,000 and \$3,345,500, respectively.

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Subsequent Events

The School Corporation issued \$610,000 General Obligation Bonds on October 18, 2018, for renovations and improvements to school facilities and to rent modular units.

The School Corporation issued \$995,000 General Obligation Bonds on December 29, 2018, for improvement to facilities and purchase of new vehicles, buses, and equipment technology.

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OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 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	\$ 1,046,348	\$ 2,104,178	\$ 20,457	\$ 1,458,954	\$ 479,949	\$ 252,791	\$ 82,812	\$ 33,753
Receipts:								
Local sources	243,295	3,471,686	-	1,839,750	998,670	321,604	-	9
Intermediate sources	175	-	-	-	-	-	-	-
State sources	9,523,849	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	15,154	-	-	-
Total receipts	9,767,319	3,471,686	-	1,839,750	1,013,824	321,604	-	9
Disbursements:								
Instruction	6,164,331	-	-	-	-	-	-	18,563
Support services	3,324,864	-	-	825,162	915,574	285,499	-	8,250
Noninstructional services	205,125	-	-	-	-	-	-	-
Facilities acquisition and construction	33,294	-	-	919,517	-	-	-	-
Debt service	-	3,404,681	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,727,614	3,404,681	-	1,744,679	915,574	285,499	-	26,813
Excess (deficiency) of receipts over disbursements	39,705	67,005	-	95,071	98,250	36,105	-	(26,804)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	150,000	-
Transfers out	-	-	-	-	(150,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	(150,000)	-	150,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	39,705	67,005	-	95,071	(51,750)	36,105	150,000	(26,804)
Cash and investments - ending	\$ 1,086,053	\$ 2,171,183	\$ 20,457	\$ 1,554,025	\$ 428,199	\$ 288,896	\$ 232,812	\$ 6,949

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Construction	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Early Intervention Grant 2016-17	Early Intervention Grant 2017-18	Log Cabin Donations
Cash and investments - beginning	\$ 853,068	\$ 215,903	\$ 296,660	\$ -	\$ 4,406	\$ -	\$ -	\$ 232
Receipts:								
Local sources	143,955	310,132	157,780	18,127	-	-	-	-
Intermediate sources	-	-	-	-	94	-	-	-
State sources	-	(227,404)	49,380	-	-	5,997	-	-
Federal sources	-	624,656	-	-	-	-	-	-
Other receipts	-	270	-	-	-	-	-	-
Total receipts	143,955	707,654	207,160	18,127	94	5,997	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	5,900	389,132	-	-	-	-	-
Noninstructional services	-	664,301	-	-	-	-	-	-
Facilities acquisition and construction	574,870	8,828	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	27,500	-	18,050	-	-	-	-
Total disbursements	574,870	706,529	389,132	18,050	-	-	-	-
Excess (deficiency) of receipts over disbursements	(430,915)	1,125	(181,972)	77	94	5,997	-	-
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	(430,915)	1,125	(181,972)	77	94	5,997	-	-
Cash and investments - ending	\$ 422,153	\$ 217,028	\$ 114,688	\$ 77	\$ 4,500	\$ 5,997	\$ -	\$ 232

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Donation for SWES Coats	Summer Arts - WHS	Tobacco-Free Grant	INSAI Grant - SWES	EMT Donations	Health Program	Eye Care Donation For Students	Whitley Cares
Cash and investments - beginning	\$ (91)	\$ 2,197	\$ 3,794	\$ 526	\$ 624	\$ 67	\$ 105	\$ 42
Receipts:								
Local sources	-	2,600	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	2,600	-	-	-	-	-	-
Disbursements:								
Instruction	-	3,397	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	(91)	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	(91)	3,397	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	91	(797)	-	-	-	-	-	-
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	91	(797)	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,400	\$ 3,794	\$ 526	\$ 624	\$ 67	\$ 105	\$ 42

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	TCU STEM Donations WMS	REMC - Northern Gases Donations	CBI Donation	Preschool	Donald Love Scholarship	CWA Scholarship	Driver Education	DEKKO Grant - Technology
Cash and investments - beginning	\$ 302	\$ 1,083	\$ 2,175	\$ -	\$ 1,807	\$ -	\$ 20,348	\$ 56
Receipts:								
Local sources	-	-	3,928	-	-	-	23,094	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	3,928	-	-	-	23,094	-
Disbursements:								
Instruction	-	-	-	-	-	-	20,972	-
Support services	-	-	2,077	-	-	-	-	56
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	100	-	-	-
Total disbursements	-	-	2,077	-	100	-	20,972	56
Excess (deficiency) of receipts over disbursements	-	-	1,851	-	(100)	-	2,122	(56)
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	-	-	1,851	-	(100)	-	2,122	(56)
Cash and investments - ending	\$ 302	\$ 1,083	\$ 4,026	\$ -	\$ 1,707	\$ -	\$ 22,470	\$ -

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Whitley County STEM	Hands Foundation	DEKKO Grant	Lilly Endowment Grant	KCCF Lilly Comp Counseling	PTLW - DEKKO	Monsanto - Ag Power Motors	Formative Assessment
Cash and investments - beginning	\$ 212	\$ 7,069	\$ 5,884	\$ -	\$ -	\$ 11,120	\$ -	\$ 11,570
Receipts:								
Local sources	-	8,727	(5,830)	-	-	99,569	-	-
Intermediate sources	-	-	-	30,000	11,000	-	-	-
State sources	-	-	-	-	-	-	-	14,680
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	8,727	(5,830)	30,000	11,000	99,569	-	14,680
Disbursements:								
Instruction	-	14,761	54	-	-	42,153	-	-
Support services	-	-	-	1,575	-	-	-	22,119
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	4,500	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	14,761	54	6,075	-	42,153	-	22,119
Excess (deficiency) of receipts over disbursements	-	(6,034)	(5,884)	23,925	11,000	57,416	-	(7,439)
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	-	(6,034)	(5,884)	23,925	11,000	57,416	-	(7,439)
Cash and investments - ending	\$ 212	\$ 1,035	\$ -	\$ 23,925	\$ 11,000	\$ 68,536	\$ -	\$ 4,131

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	High Ability 2015-16	High Ability 2016-17	High Ability 2017-18	High Ability 2013-14	NESP 2016-17	NESP 2017-18	School Technology	Technology Grants [IC 20-40-15]
Cash and investments - beginning	\$ 333	\$ (49)	\$ -	\$ 5,066	\$ -	\$ -	\$ 21,382	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	31,315	-	-	-	-	92,498	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	31,315	-	-	-	-	92,498	-
Disbursements:								
Instruction	333	28,861	-	-	372	-	-	-
Support services	-	2,405	-	-	-	-	30,660	59,256
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	333	31,266	-	-	372	-	30,660	59,256
Excess (deficiency) of receipts over disbursements	(333)	49	-	-	(372)	-	61,838	(59,256)
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	(333)	49	-	-	(372)	-	61,838	(59,256)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 5,066	\$ (372)	\$ -	\$ 83,220	\$ (59,256)

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Career and Technical Performance Grant	Performance Award	Miscellaneous Programs	Keys - Kosc. Endowment Youth Service	Title I 2015-16	Title I 2016-17	Title I 2017-18	Title I Part D 2015-16
Cash and investments - beginning	\$ -	\$ 30	\$ (42,247)	\$ -	\$ (29,607)	\$ -	\$ -	\$ (7,727)
Receipts:								
Local sources	-	-	-	-	1,892	2,373	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	7,992	94,483	63,666	398	-	-	-	-
Federal sources	-	-	-	-	54,980	201,390	-	15,454
Other receipts	-	-	-	-	-	-	-	-
Total receipts	7,992	94,483	63,666	398	56,872	203,763	-	15,454
Disbursements:								
Instruction	-	94,513	-	-	21,145	195,923	-	7,727
Support services	-	-	71,419	398	3,298	17,508	-	-
Noninstructional services	-	-	-	-	2,822	1,244	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	94,513	71,419	398	27,265	214,675	-	7,727
Excess (deficiency) of receipts over disbursements	7,992	(30)	(7,753)	-	29,607	(10,912)	-	7,727
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	7,992	(30)	(7,753)	-	29,607	(10,912)	-	7,727
Cash and investments - ending	\$ 7,992	\$ -	\$ (50,000)	\$ -	\$ -	\$ (10,912)	\$ -	\$ -

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 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Title I Part D 2016-17	Title I Part D 2017-18	Special Services Preschool	Special Services 2009-10 Carryover	Special Services Part B 2014-15	Special Services Part B 2015-16	Special Educational Part B 2016-17	Special Educational Part B 2017-18
Cash and investments - beginning	\$ -	\$ -	\$ 184	\$ 95	\$ (3,368)	\$ (37,286)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	29,720	-	-	-	9,337	90,247	288,550	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	29,720	-	-	-	9,337	90,247	288,550	-
Disbursements:								
Instruction	32,692	-	-	-	-	6,307	61,616	-
Support services	-	-	-	-	5,969	46,654	244,188	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	32,692	-	-	-	5,969	52,961	305,804	-
Excess (deficiency) of receipts over disbursements	(2,972)	-	-	-	3,368	37,286	(17,254)	-
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	(2,972)	-	-	-	3,368	37,286	(17,254)	-
Cash and investments - ending	\$ (2,972)	\$ -	\$ 184	\$ 95	\$ -	\$ -	\$ (17,254)	\$ -

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Special Services Preschool 2014-15	Special Services Preschool 2015-16	Special Services Preschool 2016-17	Special Services Preschool 2017-18	Drug Free Schools	Medicaid Reimbursement - Federal	Non English Speaking Program	Title II 2016-17
Cash and investments - beginning	\$ (55)	\$ -	\$ -	\$ -	\$ -	\$ 122,186	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	693	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	4,165	3,718	6,636	-	-	91,668	-	-
Federal sources	-	-	-	-	-	-	2,000	6,262
Other receipts	-	-	-	-	-	-	-	-
Total receipts	4,165	3,718	6,636	-	-	92,361	2,000	6,262
Disbursements:								
Instruction	4,110	3,718	6,648	-	-	-	-	-
Support services	-	-	-	-	-	80,057	-	13,022
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	4,110	3,718	6,648	-	-	80,057	-	13,022
Excess (deficiency) of receipts over disbursements	55	-	(12)	-	-	12,304	2,000	(6,760)
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	55	-	(12)	-	-	12,304	2,000	(6,760)
Cash and investments - ending	\$ -	\$ -	\$ (12)	\$ -	\$ -	\$ 134,490	\$ 2,000	\$ (6,760)

WHITKO COMMUNITY SCHOOL CORPORATION
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title II 2017-18	Title II 2015-16	Title III 2014-16	Title III 2015-17	Title III 2016-18	Prepaid Food	Payroll Deductions	Totals
Cash and investments - beginning	\$ -	\$ (5,561)	\$ (933)	\$ -	\$ -	\$ 6,014	\$ 65,554	\$ 7,012,412
Receipts:								
Local sources	-	-	-	-	-	-	-	7,642,054
Intermediate sources	-	-	-	-	-	-	-	41,269
State sources	-	-	-	-	-	-	-	9,763,041
Federal sources	-	8,459	1,578	-	-	-	-	1,332,633
Other receipts	-	-	-	-	-	296,409	2,443,320	2,755,153
Total receipts	-	8,459	1,578	-	-	296,409	2,443,320	21,534,150
Disbursements:								
Instruction	-	-	-	-	-	-	-	6,728,196
Support services	-	2,898	645	530	-	-	-	6,359,115
Noninstructional services	-	-	-	-	-	295,477	2,463,945	3,632,914
Facilities acquisition and construction	-	-	-	-	-	-	-	1,540,918
Debt service	-	-	-	-	-	-	-	3,404,681
Nonprogrammed charges	-	-	-	-	-	-	-	45,650
Total disbursements	-	2,898	645	530	-	295,477	2,463,945	21,711,474
Excess (deficiency) of receipts over disbursements	-	5,561	933	(530)	-	932	(20,625)	(177,324)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	150,000
Transfers out	-	-	-	-	-	-	-	(150,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,561	933	(530)	-	932	(20,625)	(177,324)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (530)	\$ -	\$ 6,946	\$ 44,929	\$ 6,835,088

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 1,086,053	\$ 2,171,183	\$ 20,457	\$ 1,554,025	\$ 428,199	\$ 288,896	\$ 232,812	\$ 6,949
Receipts:								
Local sources	351,376	3,315,630	-	1,817,359	1,016,729	327,052	-	4
Intermediate sources	177	-	-	-	-	-	-	-
State sources	9,220,152	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	7,229	-	-	-
Total receipts	9,571,705	3,315,630	-	1,817,359	1,023,958	327,052	-	4
Disbursements:								
Instruction	5,989,511	-	-	-	-	-	-	6,953
Support services	3,340,595	-	-	930,773	948,807	312,892	-	-
Noninstructional services	196,384	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	534,488	-	-	-	-
Debt service	-	3,374,728	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,526,490	3,374,728	-	1,465,261	948,807	312,892	-	6,953
Excess (deficiency) of receipts over disbursements	45,215	(59,098)	-	352,098	75,151	14,160	-	(6,949)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	105,500	-
Transfers out	-	-	-	-	(105,500)	-	-	-
Total other financing sources (uses)	-	-	-	-	(105,500)	-	105,500	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	45,215	(59,098)	-	352,098	(30,349)	14,160	105,500	(6,949)
Cash and investments - ending	\$ 1,131,268	\$ 2,112,085	\$ 20,457	\$ 1,906,123	\$ 397,850	\$ 303,056	\$ 338,312	\$ -

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Construction	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Early Intervention Grant 2016-17	Early Intervention Grant 2017-18	Log Cabin Donations
Cash and investments - beginning	\$ 422,153	\$ 217,028	\$ 114,688	\$ 77	\$ 4,500	\$ 5,997	\$ -	\$ 232
Receipts:								
Local sources	2,741	279,272	146,196	-	-	-	-	-
Intermediate sources	-	-	-	-	56	-	-	-
State sources	-	8,361	46,902	-	-	-	5,773	-
Federal sources	-	373,713	-	-	-	-	-	-
Other receipts	-	168	-	-	-	-	-	-
Total receipts	2,741	661,514	193,098	-	56	-	5,773	-
Disbursements:								
Instruction	-	-	-	-	-	5,997	5,504	-
Support services	-	9,188	314,442	-	-	-	-	-
Noninstructional services	-	552,382	-	-	-	-	-	-
Facilities acquisition and construction	307,786	27,560	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	42,350	-	-	-	-	-	-
Total disbursements	307,786	631,480	314,442	-	-	5,997	5,504	-
Excess (deficiency) of receipts over disbursements	(305,045)	30,034	(121,344)	-	56	(5,997)	269	-
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	(305,045)	30,034	(121,344)	-	56	(5,997)	269	-
Cash and investments - ending	\$ 117,108	\$ 247,062	\$ (6,656)	\$ 77	\$ 4,556	\$ -	\$ 269	\$ 232

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Donation for SWES Coats	Summer Arts - WHS	Tobacco-Free Grant	INSAI Grant - SWES	EMT Donations	Health Program	Eye Care Donation For Students	Whitley Cares
Cash and investments - beginning	\$ -	\$ 1,400	\$ 3,794	\$ 526	\$ 624	\$ 67	\$ 105	\$ 42
Receipts:								
Local sources	-	1,400	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	1,400	-	-	-	-	-	-
Disbursements:								
Instruction	-	1,316	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,316	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	84	-	-	-	-	-	-
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	-	84	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,484	\$ 3,794	\$ 526	\$ 624	\$ 67	\$ 105	\$ 42

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	TCU STEM Donations WMS	REMC - Northern Gases Donations	CBI Donation	Preschool	Donald Love Scholarship	CWA Scholarship	Driver Education	DEKKO Grant - Technology
Cash and investments - beginning	\$ 302	\$ 1,083	\$ 4,026	\$ -	\$ 1,707	\$ -	\$ 22,470	\$ -
Receipts:								
Local sources	-	-	2,980	2,830	-	2,800	19,720	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	2,980	2,830	-	2,800	19,720	-
Disbursements:								
Instruction	-	-	-	-	-	-	21,588	-
Support services	-	-	1,908	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	100	-	-	-
Total disbursements	-	-	1,908	-	100	-	21,588	-
Excess (deficiency) of receipts over disbursements	-	-	1,072	2,830	(100)	2,800	(1,868)	-
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	-	-	1,072	2,830	(100)	2,800	(1,868)	-
Cash and investments - ending	\$ 302	\$ 1,083	\$ 5,098	\$ 2,830	\$ 1,607	\$ 2,800	\$ 20,602	\$ -

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Whitley County STEM	Hands Foundation	DEKKO Grant	Lilly Endowment Grant	KCCF Lilly Comp Counseling	PTLW - DEKKO	Monsanto - Ag Power Motors	Formative Assessment
Cash and investments - beginning	\$ 212	\$ 1,035	\$ -	\$ 23,925	\$ 11,000	\$ 68,536	\$ -	\$ 4,131
Receipts:								
Local sources	-	18,121	-	-	-	-	25,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	13,388
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	18,121	-	-	-	-	25,000	13,388
Disbursements:								
Instruction	-	12,370	-	-	11,000	42,534	20,402	-
Support services	-	-	-	23,925	-	-	-	17,519
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	12,370	-	23,925	11,000	42,534	20,402	17,519
Excess (deficiency) of receipts over disbursements	-	5,751	-	(23,925)	(11,000)	(42,534)	4,598	(4,131)
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	-	5,751	-	(23,925)	(11,000)	(42,534)	4,598	(4,131)
Cash and investments - ending	\$ 212	\$ 6,786	\$ -	\$ -	\$ -	\$ 26,002	\$ 4,598	\$ -

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	High Ability 2015-16	High Ability 2016-17	High Ability 2017-18	High Ability 2013-14	NESP 2016-17	NESP 2017-18	School Technology	Technology Grants [IC 20-40-15]
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 5,066	\$ (372)	\$ -	\$ 83,220	\$ (59,256)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	30,952	-	2,000	5,500	89,587	74,800
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	30,952	-	2,000	5,500	89,587	74,800
Disbursements:								
Instruction	-	-	24,881	-	1,628	4,280	-	-
Support services	-	-	2,449	5,066	-	-	40,265	15,544
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	27,330	5,066	1,628	4,280	40,265	15,544
Excess (deficiency) of receipts over disbursements	-	-	3,622	(5,066)	372	1,220	49,322	59,256
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	-	-	3,622	(5,066)	372	1,220	49,322	59,256
Cash and investments - ending	\$ -	\$ -	\$ 3,622	\$ -	\$ -	\$ 1,220	\$ 132,542	\$ -

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Career and Technical Performance Grant	Performance Award	Miscellaneous Programs	Keys - Kosc. Endowment Youth Service	Title I 2015-16	Title I 2016-17	Title I 2017-18	Title I Part D 2015-16
Cash and investments - beginning	\$ 7,992	\$ -	\$ (50,000)	\$ -	\$ -	\$ (10,912)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	(2,373)	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,919	40,180	50,000	-	-	-	-	-
Federal sources	-	-	-	-	-	91,548	164,592	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	5,919	40,180	50,000	-	-	89,175	164,592	-
Disbursements:								
Instruction	-	40,180	-	-	-	68,230	177,938	-
Support services	-	-	25,000	-	-	4,377	29,492	-
Noninstructional services	-	-	-	-	-	5,656	4,377	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	40,180	25,000	-	-	78,263	211,807	-
Excess (deficiency) of receipts over disbursements	5,919	-	25,000	-	-	10,912	(47,215)	-
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	5,919	-	25,000	-	-	10,912	(47,215)	-
Cash and investments - ending	\$ 13,911	\$ -	\$ (25,000)	\$ -	\$ -	\$ -	\$ (47,215)	\$ -

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title I Part D 2016-17	Title I Part D 2017-18	Special Services Preschool	Special Services 2009-10 Carryover	Special Services Part B 2014-15	Special Services Part B 2015-16	Special Educational Part B 2016-17	Special Educational Part B 2017-18
Cash and investments - beginning	\$ (2,972)	\$ -	\$ 184	\$ 95	\$ -	\$ -	\$ (17,254)	\$ -
Receipts:								
Local sources	-	-	(184)	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	5,944	30,897	-	-	-	-	81,298	236,218
Other receipts	-	-	-	-	-	-	-	-
Total receipts	5,944	30,897	(184)	-	-	-	81,298	236,218
Disbursements:								
Instruction	2,972	37,873	-	-	-	-	13,024	56,352
Support services	-	-	-	95	-	-	51,017	240,937
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,972	37,873	-	95	-	-	64,041	297,289
Excess (deficiency) of receipts over disbursements	2,972	(6,976)	(184)	(95)	-	-	17,257	(61,071)
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	2,972	(6,976)	(184)	(95)	-	-	17,257	(61,071)
Cash and investments - ending	\$ -	\$ (6,976)	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ (61,071)

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Special Services Preschool 2014-15	Special Services Preschool 2015-16	Special Services Preschool 2016-17	Special Services Preschool 2017-18	Drug Free Schools	Medicaid Reimbursement - Federal	Non English Speaking Program	Title II 2016-17
Cash and investments - beginning	\$ -	\$ -	\$ (12)	\$ -	\$ -	\$ 134,490	\$ 2,000	\$ (6,760)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	3,957	1,432	5,796	-	80,090	-	-
Federal sources	-	-	-	-	-	-	(2,000)	41,518
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,957	1,432	5,796	-	80,090	(2,000)	41,518
Disbursements:								
Instruction	-	3,957	1,420	7,924	5,214	331	-	1,562
Support services	-	-	-	-	-	38,879	-	39,462
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	3,957	1,420	7,924	5,214	39,210	-	41,024
Excess (deficiency) of receipts over disbursements	-	-	12	(2,128)	(5,214)	40,880	(2,000)	494
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	-	-	12	(2,128)	(5,214)	40,880	(2,000)	494
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (2,128)	\$ (5,214)	\$ 175,370	\$ -	\$ (6,266)

WHITKO COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title II 2017-18	Title II 2015-16	Title III 2014-16	Title III 2015-17	Title III 2016-18	Prepaid Food	Payroll Deductions	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (530)	\$ -	\$ 6,946	\$ 44,929	\$ 6,835,088
Receipts:								
Local sources	-	-	-	-	-	-	-	7,326,653
Intermediate sources	-	-	-	-	-	-	-	233
State sources	-	-	-	-	-	-	-	9,684,789
Federal sources	-	-	-	1,420	-	-	-	1,025,148
Other receipts	-	-	-	-	-	270,002	2,450,764	2,728,163
Total receipts	-	-	-	1,420	-	270,002	2,450,764	20,764,986
Disbursements:								
Instruction	867	-	-	-	-	-	-	6,565,808
Support services	610	-	-	890	60	-	-	6,394,192
Noninstructional services	-	-	-	-	-	267,985	2,451,882	3,478,666
Facilities acquisition and construction	-	-	-	-	-	-	-	869,834
Debt service	-	-	-	-	-	-	-	3,374,728
Nonprogrammed charges	-	-	-	-	-	-	-	42,450
Total disbursements	1,477	-	-	890	60	267,985	2,451,882	20,725,678
Excess (deficiency) of receipts over disbursements	(1,477)	-	-	530	(60)	2,017	(1,118)	39,308
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	105,500
Transfers out	-	-	-	-	-	-	-	(105,500)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,477)	-	-	530	(60)	2,017	(1,118)	39,308
Cash and investments - ending	\$ (1,477)	\$ -	\$ -	\$ -	\$ (60)	\$ 8,963	\$ 43,811	\$ 6,874,396

WHITKO COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 514,541</u>	<u>\$ -</u>

WHITKO COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Whitko High School Building Corporation	Elem Renovation and Construction	\$ 868,000	11/18/2013	11/18/2034
Whitko High School Building Corporation	Additions & Renovations	<u>2,479,500</u>	11/16/2015	12/31/2019
Total of annual lease payments		<u>\$ 3,347,500</u>		

WHITKO COMMUNITY SCHOOL CORPORATION
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.

	Ending Balance
Governmental activities:	
Land	\$ 49,610
Infrastructure	-
Buildings	52,614,604
Improvements other than buildings	1,234,180
Machinery, equipment, and vehicles	<u>3,573,384</u>
Total capital assets	<u>\$ 57,471,778</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 WHITKO COMMUNITY SCHOOL
CORPORATION, KOSCIUSKO COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Whitko Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 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.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2018-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on the Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

Basis for Qualified Opinion on Supporting Effective Instruction State Grants

As described in items 2018-005 and 2018-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; and Special Tests and Provisions that are applicable to its Supporting Effective Instruction State Grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Supporting Effective Instruction State Grants

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Supporting Effective Instruction State Grants* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Supporting Effective Instruction State Grants for the period of July 1, 2016 to June 30, 2018.

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 item 2018-004. 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


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

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 2018-002, 2018-003, 2018-004, 2018-005, and 2018-006, 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.

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 27, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WHITKO COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 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 Program			FY 2016-2017	\$ -	\$ 66,628	\$ -	\$ -
			FY 2017-2018	-	-	-	65,545
Total - School Breakfast Program				-	66,628	-	65,545
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2016-2017	-	322,084	-	-
			FY 2017-2018	-	-	-	304,305
School Lunch - Commodities			FY 2016-2017	-	62,407	-	-
			FY 2017-2018	-	-	-	64,939
Total - National School Lunch Program				-	384,491	-	369,244
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			FY 2016-2017	-	-	-	-
			FY 2017-2018	-	-	-	3,863
Total - Summer Food Service Program for Children				-	-	-	3,863
Total - Child Nutrition Cluster				-	451,119	-	438,652
Total - Department of Agriculture				-	451,119	-	438,652
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Ed 611			14215-146-PN01	-	7,147	-	-
			14216-115-PN01	-	92,417	-	-
			14217-115-PN01	-	288,550	-	81,298
			18611-115-PN01	-	-	-	236,218
Total - Special Education Grants to States				-	388,114	-	317,516
Special Education Preschool Grants	Indiana Department of Education	84.173					
Special Ed Preschool 619			45715-115-PN01	-	4,165	-	-
			45716-115-PN01	-	3,718	-	3,957
			45717-115-PN01	-	6,636	-	1,432
			18619-115-PN01	-	-	-	5,796
Total - Special Education Preschool Grants				-	14,519	-	11,185
Total - Special Education Cluster (IDEA)				-	402,633	-	328,701

WHITKO COMMUNITY SCHOOL CORPORATION
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
Title I Grants to Local Educational Agencies Title I Grant	Indiana Department of Education	84.010	16-4455 17-4455 18-4455	- - -	54,980 201,390 -	- - -	- 91,548 164,592
Total - Title I Grants to Local Educational Agencies				-	256,370	-	256,140
Title I State Agency Program for Neglected and Delinquent Children and Youth Title I Part D	Indiana Department of Education	84.013	16-4455 17-4455 18-4455	- - -	15,454 29,720 -	- - -	- 5,944 30,897
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	45,174	-	36,841
English Language Acquisition State Grants Title III English Language Acquisition Grant	Bremen Community Schools	84.365	01116-075-PN01 01117-202-PN01	- -	1,578 -	- -	- 1,420
Total - English Language Acquisition				-	1,578	-	1,420
Supporting Effective Instruction State Grants Title II Improving Teacher Quality	Indiana Department of Education	84.367	16-4455 17-4455	- -	8,459 6,262	- -	- 41,518
Total - Improving Teacher Quality				-	14,721	-	41,518
Total - Department of Education				-	720,476	-	664,620
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program	Indiana Department of Education	93.778					
Medicaid Reimbursements for IEP Services			FY 2017 FY 2018	- -	5,773 -	- -	- 3,019
Medicaid Administrative Claiming			FY 2017 FY 2018	- -	26,419 -	- -	- 26,387
Total - Department of Health and Human Services				-	32,192	-	29,406
Total federal awards expended				\$ -	\$ 1,203,787	\$ -	\$ 1,132,678

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

WHITKO COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

WHITKO COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
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 Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.367	Child Nutrition Cluster	Qualified
	Supporting Effective Instruction State Grants	Qualified

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

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

Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of adequate segregation of duties as the School Corporation had not separated incompatible activities related to payroll. The Payroll Specialist processed payroll from time cards. Time cards were not consistently reviewed at the individual school level before the Payroll Specialist processed payroll.

Context

The lack of controls over time cards was a systemic problem throughout the audit period.

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

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. . . ."

Cause

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

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation establish a system of internal controls to ensure timecards are properly approved prior to payroll processing.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

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

Repeat Finding

This is a repeat of Finding 2016-004 from the immediately prior report.

Condition

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

Eligibility

There were no controls in place to ensure that eligibility determinations were performed when required or were accurate. Although 40 sampled eligibility determinations were correct from direct certification students and Free and Reduced Lunch applications, there was no segregation of duties over eligibility determinations, such as an oversight, review, or approval process.

Reporting

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

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

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

Context

The lack of properly designed and implemented controls was a systemic problem, which occurred throughout the audit period.

Criteria

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). . . ."

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2018-003

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat of Finding 2016-001 from the immediately prior report.

Condition

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

Management of the School Corporation had not established an effective internal control system to ensure that only allowable costs were paid with food service program funds. The School Corporation had an approved Indirect Cost Unrestricted Rate for charging indirect costs from the Indiana Department of Education. For fiscal year 2016-2017, the School Corporation charged utility expenses of \$27,500 as a lump sum indirect cost, rather than using the Indirect Cost Unrestricted Rate. The utility expenses of \$27,500 was a flat rate arbitrarily decided on by management.

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

For fiscal year 2017-2018, the School Corporation charged a total of \$42,350 in indirect costs that management acknowledged, in writing, were based on the approved Indirect Cost Unrestricted Rate. These indirect costs consisted of utility expenses, custodian wages, Workman's Compensation, and the Director's (who was also the Treasurer) salary. The School Corporation charged direct costs of custodian wages, which were not supported by Personnel Activity Reports or other time and effort supporting documentation, prior to claiming indirect costs of custodian wages for the fiscal year. There was no supporting documentation provided by the School Corporation to determine how indirect costs of utility expenses, Workman's Compensation, and Director's salary were determined to be applied towards the Indirect Cost Unrestricted Rate.

Context

The lack of controls and noncompliance were systemic issues 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). . . ."

2 CFR 200.403 states in part:

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

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

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

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

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

- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

Known questioned costs identified totaled \$69,850.

Recommendation

We recommended that the School Corporation establish controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2018-004

Subject: Child Nutrition Cluster - Cash Management
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: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2016-004 from the immediately prior report.

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 compliance requirement.

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

The School Lunch fund balance exceeded the 3 months average expenditures in 8 of the 24 months during the audit period. The 3 months average of expenditures for the School Lunch fund for fiscal year 2016-2017 and 2017-2018 was \$211,958 and \$189,383, respectively. During the 8 months that the School Corporation was not in compliance, the balance exceeded the 3 months average expenditures in amounts from \$4,755 to \$57,681. There was no detailed plan submitted to the Indiana Department of Education to reduce net cash resources that exceeded the 3 month average expenditures.

Context

The lack of controls and noncompliance were systemic issues 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). . . ."

7 CFR 210.14(b) states: "*Net cash resources*. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

(iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation establish controls related to the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

FINDING 2018-005

Subject: Supporting Effective Instruction State Grants - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Level of Effort - Supplement Not Supplant
Federal Agency: Department of Education
Federal Program: Supporting Effective Instruction State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): 16-4455, 17-4455
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost
Principles; Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

Condition

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

An Information Technology employee of the School Corporation was being paid a salary from the grant fund without the use of Personal Activity Reports or other supporting documentation regarding time and effort. Total salary payments charged to the grant fund for the employee in question were \$7,035. In addition, the School Corporation did not provide documentation for Teacher Retirement Fund (TRF) payments charged to the grant fund. Total TRF payments charged to the grant fund in question were \$4,217. Total questioned costs could not be tested for Level of Effort - Supplement Not Supplant to determine whether costs supplemented, not supplanted, state and local funds.

Context

The lack of controls and noncompliance were systemic issues 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). . . ."

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

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

These records must:

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

20 USC 6321(b)(1) states in part:

"A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

Known questioned costs identified totaled \$11,252.

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

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2018-006

Subject: Supporting Effective Instruction State Grants - Special
Tests and Provisions - Assessment of Need
Federal Agency: Department of Education
Federal Program: Supporting Effective Instruction State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): 16-4455, 17-4455
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Assessment of Need
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Assessment of Need compliance requirement.

To be eligible to receive Supporting Effective Instruction State Grants, the U.S. Department of Education required school corporations to conduct an assessment of local needs for professional development and hiring. The needs assessment must be conducted with the involvement of teachers, including teachers who work in Title I, Part A targeted assistance programs and schoolwide program schools.

The School Corporation did complete a Comprehensive Needs Assessment as part of the grant application, which was approved by the Superintendent of Schools; however, there was no supporting documentation on how the form was compiled. Professional development meetings could only be substantiated through inquiry. The School Corporation could not provide documented proof for audit that professional development meetings occurred.

Context

The lack of controls and noncompliance were systemic issues 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

WHITKO COMMUNITY SCHOOL CORPORATION
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). . . ."

Elementary & Secondary Education Act (ESEA) Section 2122(c) states:

"NEEDS ASSESSMENT-

(1) IN GENERAL- To be eligible to receive a subgrant under this subpart, a local educational agency shall conduct an assessment of local needs for professional development and hiring, as identified by the local educational agency and school staff.

(2) REQUIREMENTS- Such needs assessment shall be conducted with the involvement of teachers, including teachers participating in programs under part A of title I, and shall take into account the activities that need to be conducted in order to give teachers the means, including subject-matter knowledge and teaching skills, and to give principals the instructional leadership skills to help teachers, to provide students with the opportunity to meet challenging State and local student academic achievement standards."

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Special Tests and Provisions - Assessment of Need compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Assessment of Need compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity: Department of Agriculture

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey

Contact Phone Number: 260-327-3677

Description of Corrective Action Plan: Whitko Community School Corporation already has Indirect Cost Rates assigned by the IDOE to be used with this fund and is currently making the necessary corrections for SY 2017-18. The custodial salaries and workers compensation that were charged directly to the food service program will be added to the indirect rate and the indirect rate applied to the food service program will be approved by the school board and then transferred accordingly.

Status of Audit Finding: Attempted correction at March 19, 2018 Board Meeting. Met with SBOA officials and understand process. This will be corrected moving forward from March 31, 2019.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity: Department of Agriculture

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey

Contact Phone Number: 260-327-3677

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

Status of Audit Finding: We will create and update this list prior to June 30, 2018.

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity: Department of Agriculture

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse

Contact Phone Number: 260-327-3677

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

Status of Audit Finding: Partially completed February 20, 2018, completed June 30, 2018.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity: Department of Agriculture

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey

Contact Phone Number: 260-327-3677

Corrective Action Plan: Whitko Community School Corporation will review and adjust internal controls for the Child Nutrition Cluster. Whitko will begin using a check and balance system. The corporation treasurer will prepare the annual financial report, PLE and Non-Program food reports and they will be verified by the deputy treasurer of the school corporation. The monthly reports consisting of school lunch claims, cafeteria balances and prepaid food fund balance will be prepared by the corporation treasurer and verified by the deputy treasurer of the school corporation and the reports will continue to be approved by the school board. Proper tracking of cash will be completed by the Treasurer and reviewed by the Food Service Director. Eligibility forms will be prepared by the employee responsible for Food Services Collections and reviewed by the Food Service Director.

Status of Audit Finding: Will be corrected moving forward from March 31, 2019.

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity: IDOE

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Ward Lamon

Contact Phone Number: 260-327-3677

Description of Corrective Action Plan: Whitko Community School Corporation has already implemented the time and effort logs to support personnel salary for the special education cluster for the 2017-18 school year.

Status of Audit Finding: Corrected August 1, 2017.


(Signature)

Superintendent
(Title)

March 13, 2019

(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).)

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Supervisors will approve timecards prior to sending them to payroll for processing. The payroll position will then check the timecards again to make sure they are accurate.

Anticipated Completion Date: April 30, 2019

FINDING 2018-002

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: Whitko Community School Corporation will review and adjust internal controls for the Child Nutrition Cluster. Whitko will begin using a check and balance system. The corporation treasurer will prepare the annual financial report, PLE and Non-Program food reports and they will be verified by the deputy treasurer of the school corporation. The monthly reports consisting of school lunch claims, cafeteria balances and prepaid food fund balance will be prepared by the corporation treasurer and verified by the deputy treasurer of the school corporation and the reports will continue to be approved by the school board. Proper tracking of cash will be completed by the Treasurer and reviewed by the Food Service Director. Eligibility forms will be prepared by the employee responsible for Food Services Collections and reviewed by the Food Service Director.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.

FINDING 2018-003

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Whitko Community School Corporation already has Indirect Cost Rates assigned by the IDOE to be used with this fund and is currently making the necessary corrections for SY 2017-18. The custodial salaries and workers compensation that were charged directly to the food service program will be added to the indirect rate and the indirect rate applied to the food service program will be approved by the school board and then transferred accordingly.

Anticipated Completion Date: Attempted correction at March 19, 2018 Board Meeting. Met with SBOA officials and understand process. This will be corrected moving forward from March 31, 2019.

FINDING 2018-004

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Michelle Badskey
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: Whitko Community School Corporation will review and adjust internal controls for the Child Nutrition Cluster. Whitko will begin using a check and balance system. The corporation treasurer will prepare the annual financial report, PLE and Non-Program food reports and they will be verified by the deputy treasurer of the school corporation. The monthly reports consisting of school lunch claims, cafeteria balances and prepaid food fund balance will be prepared by the corporation treasurer and verified by the deputy treasurer of the school corporation and the reports will continue to be approved by the school board. Proper tracking of cash will be completed by the Treasurer and reviewed by the Food Service Director. Eligibility forms will be prepared by the employee responsible for Food Services Collections and reviewed by the Food Service Director.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.

FINDING 2018-005

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Ward Lamon
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: We will confirm that the grant is paying for the position that we wrote the grant for and have the employee complete time and effort logs as necessary.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.

FINDING 2018-006

Contact Person Responsible for Corrective Action: Shannon Ebbinghouse/Ward Lamon
Contact Phone Number: 260-327-3677

Views of Responsible Official: We concur with the finding.

Corrective Action Plan: We have software that will document our completion of a Comprehensive Needs Assessment in the future. We will also require sign in sheets for all professional development meetings.

Anticipated Completion Date: Will be corrected moving forward from March 31, 2019.



(Signature)

Superintendent

(Title)

3-25-19

(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/>.