

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WEST NOBLE SCHOOL CORPORATION
NOBLE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
05/30/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara Fought	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Dennis VanDuyne Galen Mast	07-01-16 to 06-30-17 07-01-17 to 06-30-19
President of the School Board	Todd Moore Travis Stohlman	01-01-16 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WEST NOBLE SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the West Noble 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 May 1, 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

May 1, 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 WEST NOBLE SCHOOL CORPORATION, NOBLE 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 West Noble 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 May 1, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002 to be a significant deficiency.

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

West Noble 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

May 1, 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.

WEST NOBLE 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	\$ 1,722,838	\$ 16,017,838	\$ 16,099,795	\$ (10,992)	\$ 1,629,889	\$ 15,709,528	\$ 15,727,058	\$ 7,709	\$ 1,620,068
Debt Service	1,160,647	1,933,437	2,061,040	-	1,033,044	2,154,169	2,014,170	26,566	1,199,609
Retirement/Severance Bond Debt Service	220,196	400,243	390,001	-	230,438	403,269	390,000	-	243,707
Capital Projects	417,107	1,772,705	1,561,463	270	628,619	1,722,296	1,630,745	-	720,170
School Transportation	1,312,124	1,829,870	1,635,006	(175,000)	1,331,988	1,880,274	1,593,222	(1,000,000)	619,040
School Bus Replacement	461,842	333,939	283,381	-	512,400	406,117	233,192	(100,000)	585,325
Rainy Day	1,013,534	-	95,998	175,000	1,092,536	-	320,065	1,100,000	1,872,471
Construction	2,026,566	-	427,787	-	1,598,779	-	1,458,792	(26,566)	113,421
School Lunch	623,523	1,162,068	1,221,420	10,992	575,163	1,063,723	1,133,292	(4,170)	501,424
Textbook Rental	49,355	234,176	574,492	-	(290,961)	210,060	240,123	-	(321,024)
Self-Insurance	477,497	3,491,565	2,944,969	-	1,024,093	3,592,102	3,855,777	-	760,418
Educational License Plates	9,621	150	-	-	9,771	206	-	-	9,977
Alternative Education	7,830	5,966	-	-	13,796	-	13,796	-	-
Early Intervention Grant	11,970	13,511	11,970	-	13,511	-	13,511	-	-
Lilly Counseling	-	30,000	27,527	-	2,473	236,900	41,120	-	198,253
Donation/Grants	172,044	37,175	172,525	-	36,694	109,570	114,158	-	32,106
Little Leaps Grant	31,628	-	26,504	-	5,124	31,628	36,752	-	-
Refining Our Schools Grant	11,030	-	1,443	-	9,587	-	462	-	9,125
Formative Assessment	-	31,815	31,815	-	-	29,062	29,062	-	-
DLI Grant	-	-	-	-	-	12,832	47,612	-	(34,780)
High Ability Grant 17/18	-	-	-	-	-	35,565	22,193	-	13,372
High Ability Grant 16/17	1,807	35,847	16,325	-	21,329	-	21,329	-	-
High Ability Grant 15/16	17,118	-	17,118	-	-	-	-	-	-
Secured Schools Safety Grant	(24,243)	24,243	-	-	-	-	-	-	-
NESP Grant 15/16	55,645	-	55,645	-	-	-	-	-	-
NESP Grant 16/17	-	109,566	75,562	-	34,004	-	34,004	-	-
NESP Grant 17/18	-	-	-	-	-	167,130	118,221	-	48,909
School Technology	104,207	17,375	4,320	-	117,262	77,864	6,120	-	189,006
Career and Technical Performance Grant	-	14,795	14,795	-	-	14,295	6,987	-	7,308

WEST NOBLE 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
Wellness Grant	(1,388)	1,575	2,777	-	(2,590)	2,500	1,936	90	(1,936)
Dual Immersion Grant	-	32,487	79,973	-	(47,486)	47,486	-	-	-
Senator David Ford Technology	(67,373)	73,113	8,568	-	(2,828)	1,887	553	1,494	-
School Safety Grant 14/15	(31,556)	31,556	-	-	-	-	-	-	-
School Safety Grant 15/16	(10,239)	10,239	-	-	-	-	-	-	-
Title I 16/17	-	317,359	401,373	-	(84,014)	220,714	136,700	-	-
Title I 15/16	(83,697)	222,242	138,545	-	-	-	-	-	-
Title I 17/18	-	-	-	-	-	301,099	353,496	-	(52,397)
Migrant 16/17	-	1,690	1,690	-	-	-	-	-	-
Migrant 15/16	(1,611)	2,533	922	-	-	-	-	-	-
Migrant 14/15	-	-	-	-	-	-	-	-	-
Summer Breakfast Program	8,072	19,766	13,565	-	14,273	-	8,163	(5,123)	987
Perkins Grant 09/10	605	-	-	-	605	-	-	-	605
Title II A 15/16	(14,056)	39,304	25,248	-	-	-	-	-	-
Title II A 17/18	-	-	-	-	-	59,917	66,965	-	(7,048)
Title II A 16/17	-	46,241	69,436	-	(23,195)	45,264	22,069	-	-
Rural Ed. Grant 15/16	(9,042)	17,492	8,450	-	-	-	-	-	-
Title III 15/16	-	11,784	58,154	-	(46,370)	106,074	59,704	-	-
Title III 14/15	(17,114)	43,991	26,877	-	-	-	-	-	-
Title III 16/17	-	27,982	41,572	-	(13,590)	25,564	44,911	-	(32,937)
Title III 17/18	-	-	-	-	-	31,191	36,941	-	(5,750)
Prepaid School Lunch	-	333,535	316,990	-	16,545	272,194	270,776	-	17,963
Payroll Clearing	-	4,339,727	4,339,727	-	-	4,137,091	4,137,091	-	-
Totals	<u>\$ 9,656,487</u>	<u>\$ 33,068,900</u>	<u>\$ 33,284,768</u>	<u>\$ 270</u>	<u>\$ 9,440,889</u>	<u>\$ 33,107,571</u>	<u>\$ 34,241,068</u>	<u>\$ -</u>	<u>\$ 8,307,392</u>

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

WEST NOBLE 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.

WEST NOBLE 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, self-insurance payments, and other disbursements not listed in another category above.

F. Other Financing Sources and Uses

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

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

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

WEST NOBLE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

WEST NOBLE 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

WEST NOBLE 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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some funds being set up for reimbursable grants. The Textbook Rental fund had a cash balance deficit both years due to the timing of the purchase of online textbook licenses for new devices.

Note 8. Restatements

For the year ended June 30, 2018, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of June 30, 2016	Prior Period Adjustment	Balance as of July 1, 2018
School Lunch	\$ 636,012	\$ (12,489)	\$ 623,523

WEST NOBLE SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into a capital lease with West Noble High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2016-2017 and 2017-2018 totaled \$949,731 and \$895,209, respectively.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,722,838	\$ 1,160,647	\$ 220,196	\$ 417,107	\$ 1,312,124	\$ 461,842	\$ 1,013,534	\$ 2,026,566	\$ 623,523
Receipts:									
Local sources	157,584	1,933,437	400,243	1,772,705	1,829,870	333,939	-	-	318,852
Intermediate sources	13	-	-	-	-	-	-	-	-
State sources	15,860,241	-	-	-	-	-	-	-	11,104
Federal sources	-	-	-	-	-	-	-	-	832,112
Other	-	-	-	-	-	-	-	-	-
Total receipts	16,017,838	1,933,437	400,243	1,772,705	1,829,870	333,939	-	-	1,162,068
Disbursements:									
Instruction	11,333,508	-	-	-	-	-	-	-	-
Support services	4,601,165	-	-	1,051,499	1,635,006	283,381	39,388	-	43,132
Noninstructional services	165,037	-	-	-	-	-	-	-	1,129,733
Facilities acquisition and construction	-	-	-	509,964	-	-	56,610	427,787	48,555
Debt service	-	2,061,040	390,001	-	-	-	-	-	-
Nonprogrammed charges	85	-	-	-	-	-	-	-	-
Total disbursements	16,099,795	2,061,040	390,001	1,561,463	1,635,006	283,381	95,998	427,787	1,221,420
Excess (deficiency) of receipts over disbursements	(81,957)	(127,603)	10,242	211,242	194,864	50,558	(95,998)	(427,787)	(59,352)
Other financing sources (uses):									
Sale of capital assets	-	-	-	270	-	-	-	-	-
Transfers in	-	-	-	-	-	-	175,000	-	10,992
Transfers out	(10,992)	-	-	-	(175,000)	-	-	-	-
Total other financing sources (uses)	(10,992)	-	-	270	(175,000)	-	175,000	-	10,992
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(92,949)	(127,603)	10,242	211,512	19,864	50,558	79,002	(427,787)	(48,360)
Cash and investments - ending	\$ 1,629,889	\$ 1,033,044	\$ 230,438	\$ 628,619	\$ 1,331,988	\$ 512,400	\$ 1,092,536	\$ 1,598,779	\$ 575,163

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

	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant	Lilly Counseling	Donation/ Grants	Little Leaps Grant	Refining Our Schools Grant
Cash and investments - beginning	\$ 49,355	\$ 477,497	\$ 9,621	\$ 7,830	\$ 11,970	\$ -	\$ 172,044	\$ 31,628	\$ 11,030
Receipts:									
Local sources	122,683	3,491,565	-	-	-	30,000	37,175	-	-
Intermediate sources	-	-	150	-	-	-	-	-	-
State sources	111,493	-	-	5,966	13,511	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	234,176	3,491,565	150	5,966	13,511	30,000	37,175	-	-
Disbursements:									
Instruction	-	-	-	-	11,970	-	100,741	26,504	-
Support services	574,492	-	-	-	-	27,527	488	-	1,443
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	71,296	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,944,969	-	-	-	-	-	-	-
Total disbursements	574,492	2,944,969	-	-	11,970	27,527	172,525	26,504	1,443
Excess (deficiency) of receipts over disbursements	(340,316)	546,596	150	5,966	1,541	2,473	(135,350)	(26,504)	(1,443)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(340,316)	546,596	150	5,966	1,541	2,473	(135,350)	(26,504)	(1,443)
Cash and investments - ending	\$ (290,961)	\$ 1,024,093	\$ 9,771	\$ 13,796	\$ 13,511	\$ 2,473	\$ 36,694	\$ 5,124	\$ 9,587

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

	Formative Assessment	DLI Grant	High Ability Grant 17/18	High Ability Grant 16/17	High Ability Grant 15/16	Secured Schools Safety Grant	NESP Grant 15/16	NESP Grant 16/17	NESP Grant 17/18
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,807	\$ 17,118	\$ (24,243)	\$ 55,645	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	31,815	-	-	35,847	-	24,243	-	109,566	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	31,815	-	-	35,847	-	24,243	-	109,566	-
Disbursements:									
Instruction	-	-	-	16,325	17,118	-	55,645	75,562	-
Support services	31,815	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	31,815	-	-	16,325	17,118	-	55,645	75,562	-
Excess (deficiency) of receipts over disbursements	-	-	-	19,522	(17,118)	24,243	(55,645)	34,004	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	19,522	(17,118)	24,243	(55,645)	34,004	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 21,329	\$ -	\$ -	\$ -	\$ 34,004	\$ -

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

	School Technology	Career and Technical Performance Grant	Wellness Grant	Dual Immersion Grant	Senator David Ford Technology	School Safety Grant 14/15	School Safety Grant 15/16	Title I 16/17	Title I 15/16
Cash and investments - beginning	\$ 104,207	\$ -	\$ (1,388)	\$ -	\$ (67,373)	\$ (31,556)	\$ (10,239)	\$ -	\$ (83,697)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	17,375	14,795	1,575	32,487	73,113	31,556	10,239	-	-
Federal sources	-	-	-	-	-	-	-	317,359	222,242
Other	-	-	-	-	-	-	-	-	-
Total receipts	17,375	14,795	1,575	32,487	73,113	31,556	10,239	317,359	222,242
Disbursements:									
Instruction	-	14,795	1,125	79,973	8,568	-	-	285,010	99,005
Support services	4,320	-	1,652	-	-	-	-	111,441	39,288
Noninstructional services	-	-	-	-	-	-	-	4,922	252
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	4,320	14,795	2,777	79,973	8,568	-	-	401,373	138,545
Excess (deficiency) of receipts over disbursements	13,055	-	(1,202)	(47,486)	64,545	31,556	10,239	(84,014)	83,697
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,055	-	(1,202)	(47,486)	64,545	31,556	10,239	(84,014)	83,697
Cash and investments - ending	\$ 117,262	\$ -	\$ (2,590)	\$ (47,486)	\$ (2,828)	\$ -	\$ -	\$ (84,014)	\$ -

WEST NOBLE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
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	Title I 17/18	Migrant 16/17	Migrant 15/16	Migrant 14/15	Summer Breakfast Program	Perkins Grant 09/10	Title II A 15/16	Title II A 17/18	Title II A 16/17
Cash and investments - beginning	\$ -	\$ -	\$ (1,611)	\$ -	\$ 8,072	\$ 605	\$ (14,056)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	19,766	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	1,690	2,533	-	-	-	39,304	-	46,241
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,690	2,533	-	19,766	-	39,304	-	46,241
Disbursements:									
Instruction	-	-	922	-	-	-	-	-	-
Support services	-	-	-	-	-	-	25,248	-	69,436
Noninstructional services	-	1,690	-	-	13,565	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,690	922	-	13,565	-	25,248	-	69,436
Excess (deficiency) of receipts over disbursements	-	-	1,611	-	6,201	-	14,056	-	(23,195)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,611	-	6,201	-	14,056	-	(23,195)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 14,273	\$ 605	\$ -	\$ -	\$ (23,195)

WEST NOBLE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Rural Ed. Grant 15/16	Title III 15/16	Title III 14/15	Title III 16/17	Title III 17/18	Prepaid School Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ (9,042)	\$ -	\$ (17,114)	\$ -	\$ -	\$ -	\$ -	\$ 9,656,487
Receipts:								
Local sources	-	-	-	-	-	-	-	10,447,819
Intermediate sources	-	-	-	-	-	-	-	163
State sources	-	-	-	-	-	-	-	16,384,926
Federal sources	17,492	11,784	43,991	27,982	-	-	-	1,562,730
Other	-	-	-	-	-	333,535	4,339,727	4,673,262
Total receipts	17,492	11,784	43,991	27,982	-	333,535	4,339,727	33,068,900
Disbursements:								
Instruction	-	58,154	26,877	41,572	-	-	-	12,253,374
Support services	8,450	-	-	-	-	-	-	8,549,171
Noninstructional services	-	-	-	-	-	-	-	1,315,199
Facilities acquisition and construction	-	-	-	-	-	-	-	1,114,212
Debt service	-	-	-	-	-	-	-	2,451,041
Nonprogrammed charges	-	-	-	-	-	316,990	4,339,727	7,601,771
Total disbursements	8,450	58,154	26,877	41,572	-	316,990	4,339,727	33,284,768
Excess (deficiency) of receipts over disbursements	9,042	(46,370)	17,114	(13,590)	-	16,545	-	(215,868)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	270
Transfers in	-	-	-	-	-	-	-	185,992
Transfers out	-	-	-	-	-	-	-	(185,992)
Total other financing sources (uses)	-	-	-	-	-	-	-	270
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,042	(46,370)	17,114	(13,590)	-	16,545	-	(215,598)
Cash and investments - ending	\$ -	\$ (46,370)	\$ -	\$ (13,590)	\$ -	\$ 16,545	\$ -	\$ 9,440,889

WEST NOBLE SCHOOL CORPORATION
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 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,629,889	\$ 1,033,044	\$ 230,438	\$ 628,619	\$ 1,331,988	\$ 512,400	\$ 1,092,536	\$ 1,598,779	\$ 575,163
Receipts:									
Local sources	252,124	2,154,169	403,269	1,719,112	1,880,274	406,117	-	-	273,238
Intermediate sources	14	-	-	-	-	-	-	-	-
State sources	15,457,390	-	-	-	-	-	-	-	10,863
Federal sources	-	-	-	-	-	-	-	-	779,622
Other	-	-	-	3,184	-	-	-	-	-
Total receipts	15,709,528	2,154,169	403,269	1,722,296	1,880,274	406,117	-	-	1,063,723
Disbursements:									
Instruction	11,056,924	-	-	-	-	-	-	-	-
Support services	4,503,239	-	-	960,936	1,593,222	233,192	255,001	-	19,703
Noninstructional services	166,895	-	-	-	-	-	-	-	1,030,073
Facilities acquisition and construction	-	-	-	669,809	-	-	65,064	1,458,792	83,516
Debt service	-	2,014,170	390,000	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	15,727,058	2,014,170	390,000	1,630,745	1,593,222	233,192	320,065	1,458,792	1,133,292
Excess (deficiency) of receipts over disbursements	(17,530)	139,999	13,269	91,551	287,052	172,925	(320,065)	(1,458,792)	(69,569)
Other financing sources (uses):									
Transfers in	9,293	26,566	-	-	-	-	1,100,000	-	5,123
Transfers out	(1,584)	-	-	-	(1,000,000)	(100,000)	-	(26,566)	(9,293)
Total other financing sources (uses)	7,709	26,566	-	-	(1,000,000)	(100,000)	1,100,000	(26,566)	(4,170)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,821)	166,565	13,269	91,551	(712,948)	72,925	779,935	(1,485,358)	(73,739)
Cash and investments - ending	\$ 1,620,068	\$ 1,199,609	\$ 243,707	\$ 720,170	\$ 619,040	\$ 585,325	\$ 1,872,471	\$ 113,421	\$ 501,424

WEST NOBLE SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
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	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	Early Intervention Grant	Lilly Counseling	Donation/ Grants	Little Leaps Grant	Refining Our Schools Grant
Cash and investments - beginning	\$ (290,961)	\$ 1,024,093	\$ 9,771	\$ 13,796	\$ 13,511	\$ 2,473	\$ 36,694	\$ 5,124	\$ 9,587
Receipts:									
Local sources	101,225	3,592,102	-	-	-	236,900	109,570	31,628	-
Intermediate sources	-	-	206	-	-	-	-	-	-
State sources	108,835	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	210,060	3,592,102	206	-	-	236,900	109,570	31,628	-
Disbursements:									
Instruction	-	-	-	13,796	13,511	4,348	17,610	36,752	-
Support services	240,123	-	-	-	-	36,772	580	-	462
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	95,968	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	3,855,777	-	-	-	-	-	-	-
Total disbursements	240,123	3,855,777	-	13,796	13,511	41,120	114,158	36,752	462
Excess (deficiency) of receipts over disbursements	(30,063)	(263,675)	206	(13,796)	(13,511)	195,780	(4,588)	(5,124)	(462)
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	(30,063)	(263,675)	206	(13,796)	(13,511)	195,780	(4,588)	(5,124)	(462)
Cash and investments - ending	\$ (321,024)	\$ 760,418	\$ 9,977	\$ -	\$ -	\$ 198,253	\$ 32,106	\$ -	\$ 9,125

WEST NOBLE 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

	Formative Assessment	DLI Grant	High Ability Grant 17/18	High Ability Grant 16/17	High Ability Grant 15/16	Secured Schools Safety Grant	NESP Grant 15/16	NESP Grant 16/17	NESP Grant 17/18
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 21,329	\$ -	\$ -	\$ -	\$ 34,004	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	29,062	12,832	35,565	-	-	-	-	-	167,130
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	29,062	12,832	35,565	-	-	-	-	-	167,130
Disbursements:									
Instruction	7,181	47,612	22,193	21,329	-	-	-	34,004	118,221
Support services	21,881	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	29,062	47,612	22,193	21,329	-	-	-	34,004	118,221
Excess (deficiency) of receipts over disbursements	-	(34,780)	13,372	(21,329)	-	-	-	(34,004)	48,909
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	-	(34,780)	13,372	(21,329)	-	-	-	(34,004)	48,909
Cash and investments - ending	\$ -	\$ (34,780)	\$ 13,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,909

WEST NOBLE 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

	School Technology	Career and Technical Performance Grant	Wellness Grant	Dual Immersion Grant	Senator David Ford Technology	School Safety Grant 14/15	School Safety Grant 15/16	Title I 16/17	Title I 15/16
Cash and investments - beginning	\$ 117,262	\$ -	\$ (2,590)	\$ (47,486)	\$ (2,828)	\$ -	\$ -	\$ (84,014)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	77,864	14,295	2,500	47,486	1,887	-	-	-	-
Federal sources	-	-	-	-	-	-	-	220,714	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	77,864	14,295	2,500	47,486	1,887	-	-	220,714	-
Disbursements:									
Instruction	-	6,987	598	-	-	-	-	96,848	-
Support services	6,120	-	1,338	-	-	-	-	39,398	-
Noninstructional services	-	-	-	-	-	-	-	454	-
Facilities acquisition and construction	-	-	-	-	553	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,120	6,987	1,936	-	553	-	-	136,700	-
Excess (deficiency) of receipts over disbursements	71,744	7,308	564	47,486	1,334	-	-	84,014	-
Other financing sources (uses):									
Transfers in	-	-	90	-	1,494	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	90	-	1,494	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	71,744	7,308	654	47,486	2,828	-	-	84,014	-
Cash and investments - ending	\$ 189,006	\$ 7,308	\$ (1,936)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WEST NOBLE 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 17/18	Migrant 16/17	Migrant 15/16	Migrant 14/15	Summer Breakfast Program	Perkins Grant 09/10	Title II A 15/16	Title II A 17/18	Title II A 16/17
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 14,273	\$ 605	\$ -	\$ -	\$ (23,195)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	301,099	-	-	-	-	-	-	59,917	45,264
Other	-	-	-	-	-	-	-	-	-
Total receipts	301,099	-	-	-	-	-	-	59,917	45,264
Disbursements:									
Instruction	231,563	-	-	-	-	-	-	-	-
Support services	121,469	-	-	-	-	-	-	66,965	22,069
Noninstructional services	464	-	-	-	8,163	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	353,496	-	-	-	8,163	-	-	66,965	22,069
Excess (deficiency) of receipts over disbursements	(52,397)	-	-	-	(8,163)	-	-	(7,048)	23,195
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(5,123)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(5,123)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(52,397)	-	-	-	(13,286)	-	-	(7,048)	23,195
Cash and investments - ending	\$ (52,397)	\$ -	\$ -	\$ -	\$ 987	\$ 605	\$ -	\$ (7,048)	\$ -

WEST NOBLE 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

	Rural Ed. Grant 15/16	Title III 15/16	Title III 14/15	Title III 16/17	Title III 17/18	Prepaid School Lunch	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (46,370)	\$ -	\$ (13,590)	\$ -	\$ 16,545	\$ -	\$ 9,440,889
Receipts:								
Local sources	-	-	-	-	-	-	-	11,159,728
Intermediate sources	-	-	-	-	-	-	-	220
State sources	-	-	-	-	-	-	-	15,965,709
Federal sources	-	106,074	-	25,564	31,191	-	-	1,569,445
Other	-	-	-	-	-	272,194	4,137,091	4,412,469
Total receipts	-	106,074	-	25,564	31,191	272,194	4,137,091	33,107,571
Disbursements:								
Instruction	-	59,704	-	31,783	36,941	-	-	11,857,905
Support services	-	-	-	-	-	-	-	8,122,470
Noninstructional services	-	-	-	-	-	-	-	1,206,049
Facilities acquisition and construction	-	-	-	13,128	-	-	-	2,386,830
Debt service	-	-	-	-	-	-	-	2,404,170
Nonprogrammed charges	-	-	-	-	-	270,776	4,137,091	8,263,644
Total disbursements	-	59,704	-	44,911	36,941	270,776	4,137,091	34,241,068
Excess (deficiency) of receipts over disbursements	-	46,370	-	(19,347)	(5,750)	1,418	-	(1,133,497)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	1,142,566
Transfers out	-	-	-	-	-	-	-	(1,142,566)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	46,370	-	(19,347)	(5,750)	1,418	-	(1,133,497)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (32,937)	\$ (5,750)	\$ 17,963	\$ -	\$ 8,307,392

WEST NOBLE 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>\$ 758,709</u>	<u>\$ -</u>

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
West Noble High School Building Corporation	Building Improvements; 2007 First Mortgage Bonds	\$ 644,000	6/30/2008	12/31/2019
West Noble High School Building Corporation	Building Improvements; 2011 General Obligation Bonds (QSCB)	168,000	12/31/2011	12/31/2019
West Noble High School Building Corporation	Building Improvements; 2005 General Obligation Bonds (QZAB)	<u>107,078</u>	6/30/2006	6/30/2020
Total of annual lease payments		<u>\$ 919,078</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General Obligation Bonds	Building Improvements; Series 2016	\$ 1,970,000	\$ 81,642
Notes and loans payable	Building Improvements; Common School Loan (A0350)	700,000	226,000
Notes and loans payable	Building Improvements; Common School Loan (A0569)	4,760,707	825,363
General Obligation Bonds	School Severance; Series 2013	<u>648,499</u>	<u>390,000</u>
Totals		<u>\$ 8,079,206</u>	<u>\$ 1,523,005</u>

WEST NOBLE 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 77,500
Improvements other than buildings	6,359,966
Buildings	39,845,424
Machinery, equipment, and vehicles	<u>5,501,163</u>
Total capital assets	<u><u>\$ 51,784,053</u></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 EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE WEST NOBLE SCHOOL CORPORATION, NOBLE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the West Noble 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 each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-004 and 2018-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, and 2018-005, that we consider to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

May 1, 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.

WEST NOBLE 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					
			FY 2016/2017	\$ -	\$ 120,145	\$ -	\$ -
			FY 2017/2018	-	-	-	113,163
Total - School Breakfast Program				-	120,145	-	113,163
National School Lunch Program	Indiana Department of Education	10.555					
Commodities			FY 2016/2017	-	711,968	-	-
			FY 2017/2018	-	149,089	-	-
Commodities			FY 2016/2017	-	-	-	647,390
			FY 2017/2018	-	-	-	138,729
Total - National School Lunch Program				-	861,057	-	786,119
Summer Food Service Program for Children	Indiana Department of Education	10.559					
			FY 2016/2017	-	19,766	-	-
			FY 2017/2018	-	-	-	19,069
Total - Summer Food Service Program for Children				-	19,766	-	19,069
Total - Child Nutrition Cluster				-	1,000,968	-	918,351
Total - Department of Agriculture				-	1,000,968	-	918,351
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
			14216-044-PN01	-	86,053	-	-
			14217-044-PN01	-	424,620	-	71,751
			18611-044-PN01	-	-	-	446,895
Total - Special Education Grants to States				-	510,673	-	518,646
Special Education Preschool Grants	Indiana Department of Education	84.173					
			45717-044-PN01	-	16,591	-	-
			18619-044-PN01	-	-	-	16,562
Total - Special Education Preschool Grants				-	16,591	-	16,562
Total - Special Education Cluster (IDEA)				-	527,264	-	535,208

WEST NOBLE 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	Indiana Department of Education	84.010	16-6065	-	222,242	-	-
			17-6065	-	317,359	-	220,714
			18-6065	-	-	-	301,099
Total - Title I Grants to Local Educational Agencies				-	539,601	-	521,813
Migrant Education State Grant Program	Indiana Department of Education	84.011	38215-003-PN01	-	2,532	-	-
			38216-003-PN01	-	1,690	-	-
Total - Migrant Education				-	4,222	-	-
Rural Education	Indiana Department of Education	84.358	14-6065	-	17,492	-	-
Total - Rural Education				-	17,492	-	-
English Language Acquisition State Grants	Indiana Department of Education	84.365	01115-079-PN01	-	43,990	-	-
			01116-080-PN01	-	11,784	-	106,074
			01117-204-PN01	-	27,982	1,433	25,564
			01118-209-PN01	-	-	-	31,191
Total - English Language Acquisition State Grants				-	83,756	1,433	162,829
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367	14-6065	-	39,303	-	-
			15-6065	-	46,241	-	45,264
			16-6065	-	-	-	52,918
			17-6065	-	-	-	6,998
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	85,544	-	105,180
Total - Department of Education				-	1,257,879	1,433	1,325,030
Total federal awards expended				\$ -	\$ 2,258,847	\$ 1,433	\$ 2,243,381

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

WEST NOBLE 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.

Note 3. Special Education Cooperative

The School Corporation is a member of the Northeast Indiana Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

WEST NOBLE 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?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

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

Condition

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system used to compile the School Corporation's SEFA. One employee prepared the federal award information entered into Gateway without a control process in place to ensure its accuracy before submission.

Context

The SEFA contained the following errors:

1. The Child Nutrition Cluster expenditures were overstated by \$291,694 for fiscal year 2017 and understated by \$146,372 for fiscal year 2018.
2. The Special Education Cluster (IDEA) expenditures were understated by \$527,264 for fiscal year 2017 and \$3,596 for fiscal year 2018.
3. The English Language Acquisition State Grants were understated by \$106,074 for fiscal year 2018.

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

Criteria

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

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

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

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

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

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

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

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-002

Subject: Financial Transactions and Reporting
Audit Finding: Significant Deficiency

Condition

Segregation of duties were not appropriate over timesheet approvals at West Noble Primary School. The principal at the school completed, altered, and approved time cards for staff, including family members. The lack of segregation of duties could have enabled material misstatements or irregularities to remain undetected.

Context

The lack of adequate internal controls and lack of monitoring of controls over timesheet approvals at the West Noble Primary School were systemic issues, which occurred throughout the audit period.

Criteria

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

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

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

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

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

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

Cause

Management of the School Corporation had not established a proper system of internal controls over timesheet approvals at the West Noble Primary School that segregated key functions.

Effect

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

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation establish a system of internal controls, including segregation of duties, related to timesheet approvals at the West Noble Primary School.

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 2018-003

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, 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: Department of Education

Compliance Requirements: Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-004 from the immediately prior audit report regarding Cash Management and Reporting.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Cash Management

The School Corporation had not established procedures to monitor the School Lunch Fund monthly cash balances (net cash resources) to ensure they were limited to the three months average expenditures. There was no documentation of a monitoring process of the School Lunch Fund cash balances (net cash resources).

Eligibility

For fiscal year 2017-2018, one employee processed the applications for free and reduced price meals without a proper system of oversight or review.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Monthly Sponsor Claims (claim for reimbursement) and School Food Authority (SFA) Verification Collection Reports were accurate prior to submission. One employee prepared and submitted the reports without a proper system of oversight or review.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The School Corporation did not establish effective internal controls to ensure the verification process was properly performed and had supporting documentation. One employee performed the required verification without a proper system of oversight or review.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed 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.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-004

Subject: Child Nutrition Cluster - Equipment
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: Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition

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

Property records for equipment did not include all new acquisitions during the audit period. Four new pieces of equipment were purchased during the audit period but were not added to the fixed asset listing maintained by the School Corporation.

Context

The lack of controls and noncompliance were systemic issues during fiscal year 2017-2018.

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 200.313(d) states in part:

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

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

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 Equipment and Real Property Management 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 Equipment and Real Property Management compliance requirement.

Views of Responsible Officials

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

FINDING 2018-005

Subject: Special Education Cluster (IDEA) - Earmarking, Reporting

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-044-PN01, 14217-044-PN01,
18611-044-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and both the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement and the Reporting compliance requirement.

The School Corporation was a participating member school corporation of the Northeast Indiana Special Education Cooperative (Cooperative). The School Corporation partially prepared the Proportionate Share Monitoring Report, based on school calculations, submitted by the Cooperative. There was no review, oversight, or approval process at the School Corporation level over the preparation of the reports.

Documentation supporting the Proportionate Share Quarterly Monitoring Reports was not properly maintained and provided for audit. The lack of supporting documentation prevented the determination of the School Corporation's compliance with both the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement, and the Reporting compliance requirement.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed. . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools, must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting . . ."

2 CFR 200.333 states in part:

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

Cause

The School Corporation had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and both the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement, and the Reporting compliance requirement.

WEST NOBLE SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and both the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement, and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish internal controls related to the grant agreement and both the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement, and the Reporting compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

West Noble School Corporation

GALEN MAST, Superintendent

BOARD OF TRUSTEES
Travis Stohman, President
Joe Hutsell, Vice President
David Peterson, Secretary
Kathy Hagen, Member
Todd Moore, Member
Joshua Vargas, Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

April 16, 2019

FINDING 2016 -001 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Finding has been corrected. The Superintendent reviews and signs off on the work papers prepared by the Treasurer.

FINDING 2016-002 TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES – ALLOWABLE COSTS/COSTS PRINCIPALS

The program that caused this Finding has ended.

FINDING 2016 – 003 TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES – INTERNAL CONTROLS

The Finding has been corrected. The Curriculum Director submits the grant application to the Superintendent for review prior to submission. The Superintendent and Curriculum Director sign the grant application.

FINDING 2016-004 CHILD NUTRITION CLUSTER – CASH MANAGEMENT, PROCUREMENT AND SUSPENSION AND DEBARMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS FOR PAID LUNCH EQUITY

CASH MANAGEMENT – The system developed is for the Treasurer to review with the Food Service Manager the ending month balance in the Fund 0800 School Lunch. The Treasurer and Food Service Manager will sign the work papers. The system was started in August 2018.

PROCUREMENT AND SUSPENSION AND DEBARMENT – Finding has been corrected. West Noble School Corporation joined a cooperative bid sponsored by the Region 8 Educational Service Center, which meets all of the regulations for the procurement and suspension and debarment, starting with the 16/17 school year.

FINDING 2016-004

REPORTING – Finding has been corrected. A process has been implemented with the Food Service Director and School Lunch Clerk to ensure that information is reviewed and submitted correctly. The correction started with the 18/19 school year.

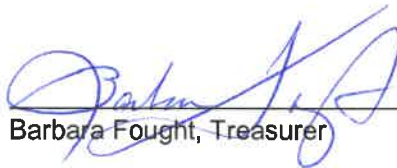
SPECIAL TEST AND PROVISIONS FOR PAID LUNCH EQUITY - Finding has been corrected. The Superintendent reviews and signs the Paid Lunch Equity prepared by the Treasurer prior to the filing of the information with the IDOE.

FINDING 2016-005

CHILD NUTRITION CLUSTER – PROGRAM INCOME

The Finding has been corrected. The accounting for school lunch funds was transferred to the school corporation's find accounting system starting July 1, 2016.

Respectfully Submitted:


Barbara Fought, Treasurer

4/14/2019
Date

West Noble School Corporation

GALEN MAST, Superintendent
SARAH WILSON, Curriculum Director

BOARD OF TRUSTEES
Travis Stohlman, President
Joe Hutsell, Vice President
David Peterson, Secretary
Kathy Hagen, Member
Todd Moore, Member
John Schwartz, Member
Joshua Vargas, Member

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Barbara Fought, Treasurer
Contact Phone Number: 260-894-3191, ext 5003

Views of Responsible Official:
Concur with Finding

Description of Corrective Action Plan:

The Treasurer will work with the Grant Administrator to determine that accurate information is reported on the SEFA. The Superintendent will review and sign off on the work papers.

Anticipated Completion Date: August 2, 2019

FINDING 2018-002

Contact Person Responsible for Corrective Action: Barbara Fought, Treasurer
Contact Phone Number: 260-894-3191, ext 5003

Views of Responsible Official:
Concur with Finding

Description of Corrective Action Plan:

Duties of approving time sheets and substitutes' records have been distributed between office staff at West Noble Primary School to ensure proper internal controls.

Completion Date: April 8, 2019

FINDING 2018-003

Contact Person Responsible for Corrective Action: Barbara Fought, Treasurer
Contact Phone Number: 260-894-3191, ext 5003

Views of Responsible Official:
Concur with Finding

Description of Corrective Action Plan:

Cash Management – The Treasurer prepares a worksheet at the beginning of the reflecting the cash balance of Fund 0800. The Treasurer reviews the fund's cash balance with the Food Service Director or the Superintendent. Both individuals sign the report. The correction was outside this audit period and began on July 1, 2018.

Eligibility – The Food Service Director reviews the free and reduced applications prepared by the School Lunch Clerk. Both Individuals sign the application.

Reporting – The Food Service Director will review and sign off of the claim information prior to filling the claim for reimbursement with the IDOE, as well as the Verification Collection Reports.

Special Test and Provisions – Verification of Free and Reduced Priced Applications (NSLP) – The School Lunch Clerk reviews free and reduced lunch applications identified for verification. The second review will be performed by the Food Service Director. Both individuals will sign the reviewed applications. The Food Service director will review the preliminary reports prepared by the Data Services from the student information system prior to submission with the IDOE.

Anticipated Completion Date: May 1, 2019

FINDING 2018-004

Contact Person Responsible for Corrective Action: Barbara Fought, Treasurer
Contact Phone Number: 260-894-3191, ext 5003

Views of Responsible Official:
Concur with Finding

Description of Corrective Action Plan:
Food Service Managers will be trained on the inventory review process which is used to verify West Noble School Corporation's fixed asset records.

Anticipated Completion Date: June 30, 2019

FINDING 2018-005

Contact Person Responsible for Corrective Action: Barbara Fought, Treasurer
Contact Phone Number: 260-894-3191, ext 5003

Views of Responsible Official:
Concur with Finding

Description of Corrective Action Plan:

It is unclear which entity is responsible for the internal controls on this finding, West Noble School Corporation or the Northeast Indiana Special Education Cooperative. A corrective action plan has been developed by West Noble until a determination on responsibility has been reached.

West Noble School Corporation will retain the information used to report the Proportionate Share Quarterly Reports for the Northeast Indiana Special Education Cooperative. The process is the Treasurer will request from the teacher of record information from the IEP identifying the criteria for services. Treasurer will calculate pay and benefits for services for reporting to the Northeast Indiana Special Education Cooperative. The Superintendent will review the work papers for accuracy. Both the Treasurer and Superintendent will sign work papers.

Anticipated Completion Date: June 30, 2019


Barbara Fought, Treasurer

Date: April 30, 2019

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/>.