

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTHWESTERN JEFFERSON COUNTY  
CONSOLIDATED SCHOOL CORPORATION  
JEFFERSON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
04/21/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura Boldery	07-01-12 to 06-30-16
Superintendent of Schools	Steve Telfer Trevor Jones	07-01-12 to 06-30-15 07-01-15 to 06-30-18
President of the School Board	Kevin Brierly Jodi Gray	01-01-12 to 12-31-14 01-01-15 to 12-31-16



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED  
SCHOOL CORPORATION, JEFFERSON COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Southwestern Jefferson County Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

***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 of 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 of 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, 2012 to June 30, 2014.

***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, 2012 to June 30, 2014, 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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, 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 December 8, 2015, 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 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 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

December 8, 2015



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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 SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED  
SCHOOL CORPORATION, JEFFERSON 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 Southwestern Jefferson County Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 8, 2015, 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 the 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 over financial reporting that we consider to be material weaknesses.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

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

**Compliance and Other Matters**

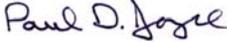
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

**Southwestern Jefferson County Consolidated 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

December 8, 2015

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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.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments		Disbursements	Other Financing Sources (Uses)		Cash and Investments		Other Financing Sources (Uses)		Cash and Investments	
	07-01-12	Receipts		06-30-13	Receipts	Disbursements	06-30-14	Receipts	Disbursements	06-30-14	
General	\$ 2,533,533	\$ 9,294,250	\$ 8,571,189	\$ (13,372)	\$ 3,243,222	\$ 9,419,034	\$ 10,305,967	\$ (400,299)	\$ 1,955,990		
Debt Service	301,416	397,755	421,939	-	277,232	164,299	429,159	-	12,372		
Retirement/Severance Bond Debt Service	94,111	183,050	151,276	-	125,885	32,879	156,267	-	2,497		
Capital Projects	403,629	1,011,687	1,143,929	3,627	275,014	430,050	807,310	(1,813)	(104,059)		
School Transportation	752,516	1,222,128	972,572	-	1,002,072	542,627	938,943	(299,450)	306,306		
School Bus Replacement	238,385	103,790	246,597	-	95,578	75,169	-	(50,000)	120,747		
Rainy Day	300,000	-	-	-	300,000	-	-	700,000	1,000,000		
Retirement/Severance Bond	98,000	-	42,000	-	56,000	-	49,000	-	7,000		
School Lunch	323,428	652,530	640,560	-	335,398	698,257	723,761	-	309,894		
Textbook Rental	60,909	131,696	85,061	-	107,544	154,875	90,743	-	171,676		
Educational License Plates	3,152	1,669	3,135	(1,500)	186	113	150	-	149		
5th Grade Mammoth Cave Trip	700	-	-	-	700	-	-	-	700		
PSI Iota Xi Sorority Music Gift	350	-	-	-	350	-	-	-	350		
Donation Fund Various Awards	1,000	2,140	3,140	1,558	1,558	2,810	4,705	-	(337)		
ISTEP	629	-	-	(58)	571	-	-	-	571		
Desk Drawer Dollars Elementary	103	75	80	-	98	100	-	-	198		
Special Vo-Ag Grounds Work	446	-	-	-	446	-	-	-	446		
Youth Shelter YAR Gift	104	-	-	-	104	-	-	-	104		
WHAS Crusade For Children	-	8,500	8,500	-	-	8,464	8,678	214	-		
Excess Section 125	16,974	10	-	-	16,984	-	-	-	16,984		
Recycling Grant	258	-	-	-	258	-	14	-	244		
Industrial Tech- Bottomley	155	-	-	-	155	-	-	-	155		
Monsanto GT	-	-	-	-	-	10,000	9,782	-	218		
Spirit's Fund Grant (Elem)	300	-	-	-	300	-	-	-	300		
Delbert King Foundation	3,186	80	3,125	-	141	-	-	-	141		
Walmart Clothes Closet Gift	-	5,000	-	-	5,000	-	1,006	-	3,994		
Farmers Growing Communities	1,605	-	910	-	695	-	310	-	385		
IKEC Donation Academics	1,000	-	-	-	1,000	-	-	-	1,000		
Basketball / Softball Donations	1,003	-	-	-	1,003	-	-	-	1,003		
Community Calf Project	-	6,667	5,389	-	1,278	29,920	11,450	-	19,748		
Gleaners Food Pantry	-	800	671	-	129	500	622	-	7		
Lego Robotics	-	-	-	-	-	12,955	11,200	-	1,755		
Coalition Substance Abuse	1,754	-	-	-	1,754	-	-	-	1,754		
ECO 15 Final Phase	-	7,221	4,385	-	2,836	-	5,836	3,000	-		
ECO 15 Grant 2011-12	4,700	-	4,700	-	-	-	-	-	-		
Save A Teacher	298,748	-	315,583	16,835	-	-	-	-	-		
Walmart Special Ed Gift	786	-	-	-	786	-	-	-	786		
Walmart Wrestling Gift	500	-	-	-	500	-	-	-	500		
CPR Training Instruction	660	-	1,030	370	-	100	-	-	100		
HS Media Arts Fees	203	-	-	-	203	-	-	-	203		
Extra-Curricular Activities	15	-	1,182	1,166	(1)	1,352	1,230	-	121		

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014  
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Special Ed Gifts	593	-	-	-	593	-	593	-	-
Summer 2014 Programs	-	-	-	-	-	660	630	-	30
5th Grade Trips Stephan	1,044	-	-	-	1,044	-	-	-	1,044
Donation Thanksgiving Dinner	229	-	170	-	59	45	-	-	104
PSI Energy Savings	41,696	-	-	-	41,696	-	-	-	41,696
The NEA Foundation	-	4,500	4,373	1,596	1,723	500	1,723	-	500
Community Foundation GT	-	2,500	2,500	-	-	-	-	-	-
6th Grade Museum Trip Grant	98	-	-	-	98	300	374	-	24
High Ability	3,426	-	3,426	-	-	30,096	6,531	-	23,565
High Ability 2012-13	-	31,069	12,317	-	18,752	-	18,921	168	(1)
Instructional Support	300	-	-	-	300	-	-	-	300
Education Technology	-	119,086	120,900	-	(1,814)	44,790	42,976	-	-
Medicare Reimbursement	1,632	-	-	-	1,632	-	-	-	1,632
Secured Schools Safety	-	-	-	-	-	-	36,179	50,000	13,821
School Technology	8,695	4,491	2,486	-	10,700	5,186	-	-	15,886
Technology Plan Buddy	169	-	-	-	169	-	-	(33)	136
Performance Based Awards	985	-	-	-	985	-	-	-	985
Construction Common School	26,407	-	-	-	26,407	-	-	-	26,407
High School Construction	119,658	-	-	-	119,658	-	-	-	119,658
Tech Asst GT Livestock ISDA	-	994	1,000	6	-	-	-	-	-
Common School Loan 2013	-	-	-	-	-	58,920	77,017	-	(18,097)
eLearning Innovation Planning	-	30,000	16,677	(5,565)	7,758	-	7,758	-	-
Excess PTRC Distributions	12,602	-	-	-	12,602	-	-	-	12,602
Title I 2011-12	(34,337)	112,502	87,084	8,918	(1)	-	-	-	(1)
Title I 2013-14	-	-	-	-	-	119,284	163,558	(615)	(44,889)
Title I 2010-11	8,918	-	-	(8,918)	-	-	-	-	-
Title I 2012-13	-	180,752	201,637	-	(20,885)	77,587	57,319	615	(2)
Title V Part A 2009-10	3,812	-	6,194	2,382	-	-	-	-	-
Special Education Improvement Grant	-	-	33,011	-	(33,011)	69,997	36,986	-	-
Drug Free Schools	12,436	-	-	-	12,436	-	-	-	12,436
Medicaid Reimbursement - Federal	2,921	-	-	-	2,921	-	-	-	2,921
Title II-A FY11-12	(2,349)	55,720	35,378	(13,130)	4,863	-	4,863	-	-
Title II-A FY12-13	-	-	13,306	13,306	-	6,727	11,253	-	(4,526)
Title II-A FY10-11	(3,742)	3,742	-	-	-	-	-	-	-
Payroll Deductions	-	2,021,632	2,021,632	-	-	2,249,635	2,249,635	-	0
Prepaid Food Collections	-	-	-	-	-	203,495	190,449	-	13,046
Education Jobs	(21,201)	86,582	58,885	(6,496)	-	-	-	-	-
<b>Totals</b>	<b>\$ 5,628,250</b>	<b>\$ 15,682,618</b>	<b>\$ 15,247,929</b>	<b>\$ 725</b>	<b>\$ 6,063,664</b>	<b>\$ 14,450,726</b>	<b>\$ 16,462,898</b>	<b>\$ 1,787</b>	<b>\$ 4,053,279</b>

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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, 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 which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include 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 which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

Transfers out which includes money 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 money 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 money 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 March 1 (lien date) 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.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the following:

Capital Projects (#0350). The June 30, 2014 cash balance shows a deficit of \$104,059 because the School Corporation did not receive its property taxes and excise taxes due in June 2014 until July 8, 2014. The total receipted into Capital Projects on that date was \$547,721.98.

Donation Fund Various Awards (#2030). The June 30, 2014 cash balance shows a deficit of \$337. This was due to an invoice being paid that overspent the fund. On August 11, 2014, a transfer of \$336.40 was made from General (#0100) to the Donation Fund Various Awards (#2030) to correct this deficit.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Common School Loan 2013 (#3902). The June 30, 2014 cash balance shows a deficit of \$18,097. This is a reimbursable fund. A receipt from the State Auditor was entered on July 8, 2014, in the amount of \$17,990. Another receipt was entered on August 11, 2014, as a transfer from General (#0100) to Common School Loan 2013 (#3902) in the amount of \$106.38 for overspending the fund.

Title I 2013-14 (#4101) is a Federal reimbursable fund. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014.

Title II-A FY12-13 (#6842) is a Federal reimbursable fund. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014.

**Note 8. Holding Corporations**

The School Corporation has entered into a capital lease with Southwestern Jefferson County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2013 and 2014, totaled \$156,500 and \$155,000, respectively.

The School Corporation has entered into a capital lease with Southwestern Jefferson County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments will begin June 30, 2016.

**Note 9. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the following benefit:

Defined Contribution Healthcare Plan

Plan Description

Anthem Blue Access (PPO) Healthcare Plan is a defined contribution healthcare plan administered by Hoosier Heartland School Trust. The plan provides medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the Anthem Blue Access (PPO) Healthcare Plan are established by the School Corporation's governing board. Retirees are required to pay any portion of the insurance premium that is over \$2,100. These benefits pose a liability to the School Corporation for this year and in future years. Further information regarding the benefits can be obtained by contacting the School Corporation.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. 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 Gateway 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 Financial Reports of the School Corporation which are 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.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 2,533,533	\$ 301,416	\$ 94,111	\$ 403,629	\$ 752,516	\$ 238,385	\$ 300,000	\$ 98,000
Receipts:								
Local sources	86,862	397,755	183,050	1,010,241	1,222,128	103,790	-	-
Intermediate sources	14	-	-	-	-	-	-	-
State sources	9,204,094	-	-	-	-	-	-	-
Federal sources	3,280	-	-	-	-	-	-	-
Other	-	-	-	1,446	-	-	-	-
Total receipts	<u>9,294,250</u>	<u>397,755</u>	<u>183,050</u>	<u>1,011,687</u>	<u>1,222,128</u>	<u>103,790</u>	-	-
Disbursements:								
Current:								
Instruction	5,963,387	-	-	-	-	-	-	28,000
Support services	2,542,591	-	-	338,621	972,572	246,597	-	14,000
Noninstructional services	65,211	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	805,308	-	-	-	-
Debt services	-	421,939	151,276	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>8,571,189</u>	<u>421,939</u>	<u>151,276</u>	<u>1,143,929</u>	<u>972,572</u>	<u>246,597</u>	-	<u>42,000</u>
Excess (deficiency) of receipts over disbursements	<u>723,061</u>	<u>(24,184)</u>	<u>31,774</u>	<u>(132,242)</u>	<u>249,556</u>	<u>(142,807)</u>	-	<u>(42,000)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	727	-	-	-	-
Transfers in	7,565	-	-	2,900	-	-	-	-
Transfers out	(20,937)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(13,372)</u>	-	-	<u>3,627</u>	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>709,689</u>	<u>(24,184)</u>	<u>31,774</u>	<u>(128,615)</u>	<u>249,556</u>	<u>(142,807)</u>	-	<u>(42,000)</u>
Cash and investments - ending	<u>\$ 3,243,222</u>	<u>\$ 277,232</u>	<u>\$ 125,885</u>	<u>\$ 275,014</u>	<u>\$ 1,002,072</u>	<u>\$ 95,578</u>	<u>\$ 300,000</u>	<u>\$ 56,000</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	School Lunch	Textbook Rental	Educational License Plates	5th Grade Mammoth Cave Trip	PSI Iota Xi Sorority Music Gift	Donation Fund Various Awards	ISTEP	Desk Drawer Dollars Elementary
Cash and investments - beginning	\$ 323,428	\$ 60,909	\$ 3,152	\$ 700	\$ 350	\$ 1,000	\$ 629	\$ 103
Receipts:								
Local sources	243,381	71,410	1,500	-	-	2,140	-	75
Intermediate sources	-	-	169	-	-	-	-	-
State sources	6,434	60,286	-	-	-	-	-	-
Federal sources	402,715	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>652,530</u>	<u>131,696</u>	<u>1,669</u>	<u>-</u>	<u>-</u>	<u>2,140</u>	<u>-</u>	<u>75</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	2,848	-	80
Support services	382	85,061	3,135	-	-	292	-	-
Noninstructional services	634,343	-	-	-	-	-	-	-
Facilities acquisition and construction	5,835	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>640,560</u>	<u>85,061</u>	<u>3,135</u>	<u>-</u>	<u>-</u>	<u>3,140</u>	<u>-</u>	<u>80</u>
Excess (deficiency) of receipts over disbursements	<u>11,970</u>	<u>46,635</u>	<u>(1,466)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>(5)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,558	-	-
Transfers out	-	-	(1,500)	-	-	-	(58)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>1,558</u>	<u>(58)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,970</u>	<u>46,635</u>	<u>(2,966)</u>	<u>-</u>	<u>-</u>	<u>558</u>	<u>(58)</u>	<u>(5)</u>
Cash and investments - ending	<u>\$ 335,398</u>	<u>\$ 107,544</u>	<u>\$ 186</u>	<u>\$ 700</u>	<u>\$ 350</u>	<u>\$ 1,558</u>	<u>\$ 571</u>	<u>\$ 98</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Special Vo-Ag Grounds Work	Youth Shelter YAR Gift	WHAS Crusade For Children	Excess Section 125	Recycling Grant	Industrial Tech- Bottomley	Monsanto GT	Spirit's Fund Grant (Elem)
Cash and investments - beginning	\$ 446	\$ 104	\$ -	\$ 16,974	\$ 258	\$ 155	\$ -	\$ 300
Receipts:								
Local sources	-	-	8,500	10	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	8,500	10	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	8,500	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	8,500	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	10	-	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	10	-	-	-	-
Cash and investments - ending	\$ 446	\$ 104	\$ -	\$ 16,984	\$ 258	\$ 155	\$ -	\$ 300

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Delbert King Foundation	Walmart Clothes Closet Gift	Farmers Growing Communities	IKEC Donation Academics	Basketball/ Softball Donations	Community Calf Project	Gleaners Food Pantry	Lego Robotics
Cash and investments - beginning	\$ 3,186	\$ -	\$ 1,605	\$ 1,000	\$ 1,003	\$ -	\$ -	\$ -
Receipts:								
Local sources	80	5,000	-	-	-	6,667	800	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>80</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,667</u>	<u>800</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	434	-	910	-	-	5,389	671	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	<u>2,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>3,125</u>	<u>-</u>	<u>910</u>	<u>-</u>	<u>-</u>	<u>5,389</u>	<u>671</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,045)</u>	<u>5,000</u>	<u>(910)</u>	<u>-</u>	<u>-</u>	<u>1,278</u>	<u>129</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,045)</u>	<u>5,000</u>	<u>(910)</u>	<u>-</u>	<u>-</u>	<u>1,278</u>	<u>129</u>	<u>-</u>
Cash and investments - ending	<u>\$ 141</u>	<u>\$ 5,000</u>	<u>\$ 695</u>	<u>\$ 1,000</u>	<u>\$ 1,003</u>	<u>\$ 1,278</u>	<u>\$ 129</u>	<u>\$ -</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Coalition Substance Abuse	ECO 15 Final Phase	ECO 15 Grant 2011-12	Save A Teacher	Walmart Special Ed Gift	Walmart Wrestling Gift	CPR Training Instruction	HS Media Arts Fees
Cash and investments - beginning	\$ 1,754	\$ -	\$ 4,700	\$ 298,748	\$ 786	\$ 500	\$ 660	\$ 203
Receipts:								
Local sources	-	7,221	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	7,221	-	-	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	4,700	315,583	-	-	-	-
Support services	-	4,385	-	-	-	-	1,030	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	4,385	4,700	315,583	-	-	1,030	-
Excess (deficiency) of receipts over disbursements	-	2,836	(4,700)	(315,583)	-	-	(1,030)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	16,835	-	-	370	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	16,835	-	-	370	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,836	(4,700)	(298,748)	-	-	(660)	-
Cash and investments - ending	\$ 1,754	\$ 2,836	\$ -	\$ -	\$ 786	\$ 500	\$ -	\$ 203

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Extra- Curricular Activities	Special Ed Gifts	Summer 2014 Programs	5th Grade Trips Stephan	Donation Thanksgiving Dinner	PSI Energy Savings	The NEA Foundation	Community Foundation GT
Cash and investments - beginning	\$ 15	\$ 593	\$ -	\$ 1,044	\$ 229	\$ 41,696	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	4,500	2,500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>2,500</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	170	-	1,801	-
Support services	1,182	-	-	-	-	-	2,572	2,500
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>1,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170</u>	<u>-</u>	<u>4,373</u>	<u>2,500</u>
Excess (deficiency) of receipts over disbursements	<u>(1,182)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170)</u>	<u>-</u>	<u>127</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	1,166	-	-	-	-	-	1,841	-
Transfers out	-	-	-	-	-	-	(245)	-
Total other financing sources (uses)	<u>1,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,596</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(16)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170)</u>	<u>-</u>	<u>1,723</u>	<u>-</u>
Cash and investments - ending	<u>\$ (1)</u>	<u>\$ 593</u>	<u>\$ -</u>	<u>\$ 1,044</u>	<u>\$ 59</u>	<u>\$ 41,696</u>	<u>\$ 1,723</u>	<u>\$ -</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	6th Grade Museum Trip Grant	High Ability	High Ability 2012-13	Instructional Support	Education Technology	Medicare Reimbursement	Secured Schools Safety	School Technology
Cash and investments - beginning	\$ 98	\$ 3,426	\$ -	\$ 300	\$ -	\$ 1,632	\$ -	\$ 8,695
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	31,069	-	119,086	-	-	4,491
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	31,069	-	119,086	-	-	4,491
Disbursements:								
Current:								
Instruction	-	3,426	12,317	-	-	-	-	2,486
Support services	-	-	-	-	120,900	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	3,426	12,317	-	120,900	-	-	2,486
Excess (deficiency) of receipts over disbursements	-	(3,426)	18,752	-	(1,814)	-	-	2,005
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	473	-	-	-	-	-
Transfers out	-	-	(473)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,426)	18,752	-	(1,814)	-	-	2,005
Cash and investments - ending	\$ 98	\$ -	\$ 18,752	\$ 300	\$ (1,814)	\$ 1,632	\$ -	\$ 10,700

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Technology Plan Buddy	Performance Based Awards	Construction Common School	High School Construction	Tech Asst GT Livestock ISDA	Common School Loan 2013	eLearning Innovation Planning	Excess PTRC Distributions
Cash and investments - beginning	\$ 169	\$ 985	\$ 26,407	\$ 119,658	\$ -	\$ -	\$ -	\$ 12,602
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	994	-	30,000	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	994	-	30,000	-
Disbursements:								
Current:								
Instruction	-	-	-	-	1,000	-	-	-
Support services	-	-	-	-	-	-	16,677	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	1,000	-	16,677	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(6)	-	13,323	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	6	-	-	-
Transfers out	-	-	-	-	-	-	(5,565)	-
Total other financing sources (uses)	-	-	-	-	6	-	(5,565)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	7,758	-
Cash and investments - ending	\$ 169	\$ 985	\$ 26,407	\$ 119,658	\$ -	\$ -	\$ 7,758	\$ 12,602

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Title I 2011-12	Title I 2013-14	Title I 2010-11	Title I 2012-13	Title V Part A 2009-10	Special Education Improvement Grant	Drug Free Schools	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ (34,337)	\$ -	\$ 8,918	\$ -	\$ 3,812	\$ -	\$ 12,436	\$ 2,921
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	112,502	-	-	180,752	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>112,502</u>	<u>-</u>	<u>-</u>	<u>180,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	70,906	-	-	179,776	-	33,011	-	-
Support services	15,224	-	-	18,614	6,194	-	-	-
Noninstructional services	954	-	-	3,247	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>87,084</u>	<u>-</u>	<u>-</u>	<u>201,637</u>	<u>6,194</u>	<u>33,011</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>25,418</u>	<u>-</u>	<u>-</u>	<u>(20,885)</u>	<u>(6,194)</u>	<u>(33,011)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	8,918	-	-	-	2,382	-	-	-
Transfers out	-	-	(8,918)	-	-	-	-	-
Total other financing sources (uses)	<u>8,918</u>	<u>-</u>	<u>(8,918)</u>	<u>-</u>	<u>2,382</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>34,336</u>	<u>-</u>	<u>(8,918)</u>	<u>(20,885)</u>	<u>(3,812)</u>	<u>(33,011)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,885)</u>	<u>\$ -</u>	<u>\$ (33,011)</u>	<u>\$ 12,436</u>	<u>\$ 2,921</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Title II-A FY 11-12	Title II-A FY 12-13	Title II-A FY 10-11	Payroll Deductions	Prepaid Food Collections	Education Jobs	Totals
Cash and investments - beginning	\$ (2,349)	\$ -	\$ (3,742)	\$ -	\$ -	\$ (21,201)	\$ 5,628,250
Receipts:							
Local sources	-	-	-	-	-	-	3,357,610
Intermediate sources	-	-	-	-	-	-	183
State sources	-	-	-	-	-	-	9,456,454
Federal sources	55,720	-	3,742	-	-	86,582	845,293
Other	-	-	-	2,021,632	-	-	2,023,078
<b>Total receipts</b>	<b>55,720</b>	<b>-</b>	<b>3,742</b>	<b>2,021,632</b>	<b>-</b>	<b>86,582</b>	<b>15,682,618</b>
Disbursements:							
Current:							
Instruction	8,870	13,306	-	-	-	58,885	6,716,456
Support services	26,508	-	-	-	-	-	4,419,037
Noninstructional services	-	-	-	-	-	-	703,755
Facilities acquisition and construction	-	-	-	-	-	-	811,143
Debt services	-	-	-	-	-	-	573,215
Nonprogrammed charges	-	-	-	2,021,632	-	-	2,024,323
<b>Total disbursements</b>	<b>35,378</b>	<b>13,306</b>	<b>-</b>	<b>2,021,632</b>	<b>-</b>	<b>58,885</b>	<b>15,247,929</b>
Excess (deficiency) of receipts over disbursements	20,342	(13,306)	3,742	-	-	27,697	434,689
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	727
Transfers in	176	13,306	-	-	-	1	57,497
Transfers out	(13,306)	-	-	-	-	(6,497)	(57,499)
<b>Total other financing sources (uses)</b>	<b>(13,130)</b>	<b>13,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,496)</b>	<b>725</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,212	-	3,742	-	-	21,201	435,414
Cash and investments - ending	\$ 4,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,063,664

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,243,222	\$ 277,232	\$ 125,885	\$ 275,014	\$ 1,002,072	\$ 95,578	\$ 300,000	\$ 56,000
Receipts:								
Local sources	161,295	164,299	32,879	430,050	542,320	75,169	-	-
Intermediate sources	31	-	-	-	-	-	-	-
State sources	9,257,708	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	307	-	-	-
Total receipts	<u>9,419,034</u>	<u>164,299</u>	<u>32,879</u>	<u>430,050</u>	<u>542,627</u>	<u>75,169</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	6,910,141	-	-	-	-	-	-	35,000
Support services	2,853,187	-	-	161,356	938,943	-	-	14,000
Noninstructional services	102,572	-	-	-	-	-	-	-
Facilities acquisition and construction	440,067	-	-	645,954	-	-	-	-
Debt services	-	429,159	156,267	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>10,305,967</u>	<u>429,159</u>	<u>156,267</u>	<u>807,310</u>	<u>938,943</u>	<u>-</u>	<u>-</u>	<u>49,000</u>
Excess (deficiency) of receipts over disbursements	<u>(886,933)</u>	<u>(264,860)</u>	<u>(123,388)</u>	<u>(377,260)</u>	<u>(396,316)</u>	<u>75,169</u>	<u>-</u>	<u>(49,000)</u>
Other financing sources (uses):								
Sale of capital assets	50	-	-	1,187	550	-	-	-
Transfers in	-	-	-	-	-	-	700,000	-
Transfers out	(400,349)	-	-	(3,000)	(300,000)	(50,000)	-	-
Total other financing sources (uses)	<u>(400,299)</u>	<u>-</u>	<u>-</u>	<u>(1,813)</u>	<u>(299,450)</u>	<u>(50,000)</u>	<u>700,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,287,232)</u>	<u>(264,860)</u>	<u>(123,388)</u>	<u>(379,073)</u>	<u>(695,766)</u>	<u>25,169</u>	<u>700,000</u>	<u>(49,000)</u>
Cash and investments - ending	<u>\$ 1,955,990</u>	<u>\$ 12,372</u>	<u>\$ 2,497</u>	<u>\$ (104,059)</u>	<u>\$ 306,306</u>	<u>\$ 120,747</u>	<u>\$ 1,000,000</u>	<u>\$ 7,000</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	School Lunch	Textbook Rental	Educational License Plates	5th Grade Mammoth Cave Trip	PSI Iota Xi Sorority Music Gift	Donation Fund Various Awards	ISTEP	Desk Drawer Dollars Elementary
Cash and investments - beginning	\$ 335,398	\$ 107,544	\$ 186	\$ 700	\$ 350	\$ 1,558	\$ 571	\$ 98
Receipts:								
Local sources	230,590	92,989	-	-	-	2,810	-	100
Intermediate sources	-	-	113	-	-	-	-	-
State sources	6,566	60,786	-	-	-	-	-	-
Federal sources	461,101	-	-	-	-	-	-	-
Other	-	1,100	-	-	-	-	-	-
Total receipts	698,257	154,875	113	-	-	2,810	-	100
Disbursements:								
Current:								
Instruction	-	-	-	-	-	694	-	-
Support services	331	90,743	150	-	-	4,011	-	-
Noninstructional services	654,417	-	-	-	-	-	-	-
Facilities acquisition and construction	69,013	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	723,761	90,743	150	-	-	4,705	-	-
Excess (deficiency) of receipts over disbursements	(25,504)	64,132	(37)	-	-	(1,895)	-	100
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	(25,504)	64,132	(37)	-	-	(1,895)	-	100
Cash and investments - ending	\$ 309,894	\$ 171,676	\$ 149	\$ 700	\$ 350	\$ (337)	\$ 571	\$ 198

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Special Vo-Ag Grounds Work	Youth Shelter YAR Gift	WHAS Crusade For Children	Excess Section 125	Recycling Grant	Industrial Tech- Bottomley	Monsanto GT	Spirit's Fund Grant (Elem)
Cash and investments - beginning	\$ 446	\$ 104	\$ -	\$ 16,984	\$ 258	\$ 155	\$ -	\$ 300
Receipts:								
Local sources	-	-	8,464	-	-	-	10,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	8,464	-	-	-	10,000	-
Disbursements:								
Current:								
Instruction	-	-	8,678	-	-	-	9,782	-
Support services	-	-	-	-	14	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	8,678	-	14	-	9,782	-
Excess (deficiency) of receipts over disbursements	-	-	(214)	-	(14)	-	218	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	214	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	214	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(14)	-	218	-
Cash and investments - ending	<u>\$ 446</u>	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ 16,984</u>	<u>\$ 244</u>	<u>\$ 155</u>	<u>\$ 218</u>	<u>\$ 300</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Delbert King Foundation	Walmart Clothes Closet Gift	Farmers Growing Communities	IKEC Donation Academics	Basketball/ Softball Donations	Community Calf Project	Gleaners Food Pantry	Lego Robotics
Cash and investments - beginning	\$ 141	\$ 5,000	\$ 695	\$ 1,000	\$ 1,003	\$ 1,278	\$ 129	\$ -
Receipts:								
Local sources	-	-	-	-	-	16,916	500	12,955
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	13,004	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,920</u>	<u>500</u>	<u>12,955</u>
Disbursements:								
Current:								
Instruction	-	1,006	310	-	-	11,450	622	11,200
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,006</u>	<u>310</u>	<u>-</u>	<u>-</u>	<u>11,450</u>	<u>622</u>	<u>11,200</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,006)</u>	<u>(310)</u>	<u>-</u>	<u>-</u>	<u>18,470</u>	<u>(122)</u>	<u>1,755</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(1,006)</u>	<u>(310)</u>	<u>-</u>	<u>-</u>	<u>18,470</u>	<u>(122)</u>	<u>1,755</u>
Cash and investments - ending	<u>\$ 141</u>	<u>\$ 3,994</u>	<u>\$ 385</u>	<u>\$ 1,000</u>	<u>\$ 1,003</u>	<u>\$ 19,748</u>	<u>\$ 7</u>	<u>\$ 1,755</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Coalition Substance Abuse	ECO 15 Final Phase	ECO 15 Grant 2011-12	Save A Teacher	Walmart Special Ed Gift	Walmart Wrestling Gift	CPR Training Instruction	HS Media Arts Fees
Cash and investments - beginning	\$ 1,754	\$ 2,836	\$ -	\$ -	\$ 786	\$ 500	\$ -	\$ 203
Receipts:								
Local sources	-	-	-	-	-	-	100	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	100	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	5,836	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	5,836	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(5,836)	-	-	-	-	100	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	3,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	3,000	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,836)	-	-	-	-	100	-
Cash and investments - ending	\$ 1,754	\$ -	\$ -	\$ -	\$ 786	\$ 500	\$ 100	\$ 203

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Extra- Curricular Activities	Special Ed Gifts	Summer 2014 Programs	5th Grade Trips Stephan	Donation Thanksgiving Dinner	PSI Energy Savings	The NEA Foundation	Community Foundation GT
Cash and investments - beginning	\$ (1)	\$ 593	\$ -	\$ 1,044	\$ 59	\$ 41,696	\$ 1,723	\$ -
Receipts:								
Local sources	1,352	-	660	-	45	-	500	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,352</u>	<u>-</u>	<u>660</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>500</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	593	630	-	-	-	-	-
Support services	1,230	-	-	-	-	-	1,723	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>1,230</u>	<u>593</u>	<u>630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,723</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>122</u>	<u>(593)</u>	<u>30</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>(1,223)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>122</u>	<u>(593)</u>	<u>30</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>(1,223)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 121</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 1,044</u>	<u>\$ 104</u>	<u>\$ 41,696</u>	<u>\$ 500</u>	<u>\$ -</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	6th Grade Museum Trip Grant	High Ability	High Ability 2012-13	Instructional Support	Education Technology	Medicare Reimbursement	Secured Schools Safety	School Technology
Cash and investments - beginning	\$ 98	\$ -	\$ 18,752	\$ 300	\$ (1,814)	\$ 1,632	\$ -	\$ 10,700
Receipts:								
Local sources	300	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	30,096	-	-	44,790	-	-	5,186
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>300</u>	<u>30,096</u>	<u>-</u>	<u>-</u>	<u>44,790</u>	<u>-</u>	<u>-</u>	<u>5,186</u>
Disbursements:								
Current:								
Instruction	374	6,531	18,921	-	-	-	36,179	-
Support services	-	-	-	-	42,976	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>374</u>	<u>6,531</u>	<u>18,921</u>	<u>-</u>	<u>42,976</u>	<u>-</u>	<u>36,179</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(74)</u>	<u>23,565</u>	<u>(18,921)</u>	<u>-</u>	<u>1,814</u>	<u>-</u>	<u>(36,179)</u>	<u>5,186</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	168	-	-	-	50,000	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(74)</u>	<u>23,565</u>	<u>(18,753)</u>	<u>-</u>	<u>1,814</u>	<u>-</u>	<u>13,821</u>	<u>5,186</u>
Cash and investments - ending	<u>\$ 24</u>	<u>\$ 23,565</u>	<u>\$ (1)</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ 13,821</u>	<u>\$ 15,886</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Technology Plan Buddy	Performance Based Awards	Construction Common School	High School Construction	Tech Asst GT Livestock ISDA	Common School Loan 2013	eLearning Innovation Planning	Excess PTRC Distributions
Cash and investments - beginning	\$ 169	\$ 985	\$ 26,407	\$ 119,658	\$ -	\$ -	\$ 7,758	\$ 12,602
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	58,920	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	58,920	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	77,017	7,758	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	77,017	7,758	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(18,097)	(7,758)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(33)	-	-	-	-	-	-	-
Total other financing sources (uses)	(33)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(33)	-	-	-	-	(18,097)	(7,758)	-
Cash and investments - ending	\$ 136	\$ 985	\$ 26,407	\$ 119,658	\$ -	\$ (18,097)	\$ -	\$ 12,602

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Title I 2011-12	Title I 2013-14	Title I 2010-11	Title I 2012-13	Title V Part A 2009-10	Special Education Improvement Grant	Drug Free Schools	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ (1)	\$ -	\$ -	\$ (20,885)	\$ -	\$ (33,011)	\$ 12,436	\$ 2,921
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	119,284	-	77,587	-	69,997	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	119,284	-	77,587	-	69,997	-	-
Disbursements:								
Current:								
Instruction	-	149,951	-	48,925	-	36,986	-	-
Support services	-	11,595	-	141	-	-	-	-
Noninstructional services	-	2,012	-	8,253	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	163,558	-	57,319	-	36,986	-	-
Excess (deficiency) of receipts over disbursements	-	(44,274)	-	20,268	-	33,011	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	615	-	-	-	-
Transfers out	-	(615)	-	-	-	-	-	-
Total other financing sources (uses)	-	(615)	-	615	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(44,889)	-	20,883	-	33,011	-	-
Cash and investments - ending	\$ (1)	\$ (44,889)	\$ -	\$ (2)	\$ -	\$ -	\$ 12,436	\$ 2,921

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Title II-A FY 11-12	Title II-A FY 12-13	Title II-A FY 10-11	Payroll Deductions	Prepaid Food Collections	Education Jobs	Totals
Cash and investments - beginning	\$ 4,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,063,664
Receipts:							
Local sources	-	-	-	-	-	-	1,784,293
Intermediate sources	-	-	-	-	-	-	144
State sources	-	-	-	-	-	-	9,477,056
Federal sources	-	6,727	-	-	-	-	734,696
Other	-	-	-	2,249,635	203,495	-	2,454,537
Total receipts	-	6,727	-	2,249,635	203,495	-	14,450,726
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	7,287,973
Support services	4,863	11,253	-	-	-	-	4,227,127
Noninstructional services	-	-	-	-	-	-	767,254
Facilities acquisition and construction	-	-	-	-	-	-	1,155,034
Debt services	-	-	-	-	-	-	585,426
Nonprogrammed charges	-	-	-	2,249,635	190,449	-	2,440,084
Total disbursements	4,863	11,253	-	2,249,635	190,449	-	16,462,898
Excess (deficiency) of receipts over disbursements	(4,863)	(4,526)	-	0	13,046	-	(2,012,172)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,787
Transfers in	-	-	-	-	-	-	753,997
Transfers out	-	-	-	-	-	-	(753,997)
Total other financing sources (uses)	-	-	-	-	-	-	1,787
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,863)	(4,526)	-	0	13,046	-	(2,010,385)
Cash and investments - ending	\$ -	\$ (4,526)	\$ -	\$ 0	\$ 13,046	\$ -	\$ 4,053,279

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 297,642</u>	<u>\$ 1,665,666</u>

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
SunTrust Equipment & Leasing	HVAC High School Energy Savings Loan	\$ 440,067	1/15/2009	7/15/2018
Southwestern Jefferson County School Building Corporation	2001 Elementary School Improvements	128,500	12/31/2002	12/31/2025
Southwestern Jefferson County Multi-School Building Corporation	Facility construction/renovation and equipment	<u>189,000</u>	6/23/2014*	12/31/2029
Total of annual lease payments		<u>\$ 757,567</u>		

\*Semi-Annual lease payments begin June 30, 2016. The amount due annually varies between \$184,000 and \$401,000.

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement/Severance Bonds	\$ 775,000	\$ 150,748
Notes and loans payable	Common School Loan #A1608	107,181	24,830
Notes and loans payable	Common School Loan #A0478	2,370,710	251,295
Notes and loans payable	Common School Loan #A1742	<u>121,700</u>	<u>25,955</u>
Totals		<u>\$ 3,374,591</u>	<u>\$ 452,828</u>

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SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2014

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	\$ 2,125
Buildings	15,714,828
Improvements other than buildings	4,147,706
Machinery, equipment, and vehicles	<u>2,927,398</u>
Total capital assets	<u>\$ 22,792,057</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED  
SCHOOL CORPORATION, JEFFERSON COUNTY, INDIANA

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

We have audited the Southwestern Jefferson County Consolidated School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2012 to June 30, 2014.

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 OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, and 2014-009. 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**

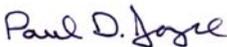
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

December 8, 2015

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014

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	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
FYE 6/30/2013			FY 13	\$ 95,888	\$ -
FYE 6/30/2014			FY 14	-	115,061
Total - School Breakfast Program				95,888	115,061
National School Lunch Program	Indiana Department of Education	10.555			
FYE 6/30/2013			FY 13	353,861	-
FYE 6/30/2014			FY 14	-	390,392
Total - National School Lunch Program				353,861	390,392
Total - Child Nutrition Cluster				449,749	505,453
Total - Department of Agriculture				449,749	505,453
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
FY 11-12			12-4000	121,420	-
FY 12-13			13-4000	180,752	77,587
FY 13-14			14-4000	-	119,284
Total - Title I, Part A Cluster				302,172	196,871
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
SY 2010-11			10-4000	3,742	-
SY 2011-12			11-4000	45,720	-
SY 2012-13			12-4000	-	6,727
Total - Improving Teacher Quality State Grants				49,462	6,727
Education Jobs Fund	Indiana Department of Education	84.410			
FY 12-13			S410A100015	86,582	-
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027			
Improvement Award 2013			A58-3-13DL-1493	-	69,997
IDEA Part B 611			14211-038-PN01	30,886	-
			14212-038-PN01	205,957	36,567
			14213-038-PN01	98,225	216,662
			14214-038-PN01	-	84,549
			99914-038-TA01	-	1,214
Total - Special Education_Grants to States				335,068	408,989
Special Education_Preschool Grants	Indiana Department of Education	84.173			
IDEA Part B 619			45711-038-PN01	3,008	-
			45712-038-PN01	5,717	2,974
			45713-038-PN01	28	8,563
Total Special Education_Preschool Grants				8,753	11,537
Total - Special Education Cluster (IDEA)				343,821	420,526
Total - Department of Education				782,037	624,124
Total federal awards expended				\$ 1,231,786	\$ 1,129,577

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 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. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 47,034	\$ 44,352

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?      yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster  
Title I, Part A Cluster  
Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?      no

**Section II - Financial Statement Findings**

**FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepares the SEFA and there was no evidence presented that the information was reviewed or approved by another individual prior to submission. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted the following errors: the federal awards were understated by \$545,358 and \$452,959 for fiscal years ended June 30, 2013 and 2014, respectively. This was primarily the result of omitting the Child Nutrition Cluster from the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall 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.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

**FINDING 2014-002 - PROCUREMENT AND SUSPENSION AND DEBARMENT**

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 13, FY 14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The U.S. Department of Agriculture and U.S. Department of Education required the School Corporation to verify that awarded contracts exceeding \$25,000 were not with suspended or debarred entities. The School Corporation failed to provide evidence that a search of the Excluded Parties List Systems was conducted; that certification from the entity was collected, or that a clause or condition was added to the contract.

During the fiscal years ended June 30, 2013 and 2014, the School Corporation made food service purchases exceeding \$25,000 from four vendors each year. A search of the System of Award Manager Center website resulted in no active exclusions for any of these vendors.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

2 CFR 180.300 states:

"What must I do before I enter into a covered transaction with another person at the next lower tier?

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

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(Continued)

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

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Procurement and Suspension and Debarment requirements of the program.

***FINDING 2014-003 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY***

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 13, FY 14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Paid Lunch Equity compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system enabled noncompliance with the compliance requirement to remain undetected.

Paid Lunch Equity calculations were made by the Indiana Department of Education and accepted by the School Corporation for the 2012-13 and 2013-14 school years. These calculations indicated that paid lunch prices should be increased, but the school corporation did not increase prices to meet the requirements.

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

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

7 CFR 210.14(e) states in part:

*"Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

- (1) *Calculation procedures.* Each school food authority shall:

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(Continued)

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
  - (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
  - (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section . . .
- (3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:
- (i) 2 percent; and
  - (ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year.
- (4) *Price Adjustments.*
- (i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.
  - (ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents.
  - (iii) *Optional price increases.* A school food authority may increase the average price by more than ten cents . . .
- (6) *Additional considerations.*
- (i) In any given year, if a school food authority with an average price lower than the reimbursement difference is not required by paragraph (e)(4)(ii) of this section to increase its average price for paid lunches, the school food authority shall use the unrounded average price as the basis for calculations to meet paragraph (e)(3) of this section for the next school year."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management implement controls to ensure compliance with, and comply with, the requirements for Paid Lunch Equity.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - VERIFICATION  
OF FREE AND REDUCED PRICE APPLICATIONS**

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 13, FY 14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the verification of free and reduced price applications compliance requirements. The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the compliance requirements to remain undetected.

The School Corporation did not properly determine income when performing verifications of free and reduced price applications for the 2013-14 school year. Of the eight applications verified by the School Corporation, we noted three instances in which changes were not properly made to the applicant's eligibility status. In two instances net pay was included in the income calculated, rather than gross pay. In one instance biweekly pay was included as weekly pay. As a result, some applicants were receiving benefits for which they were not eligible; while others were not receiving benefits for which they were eligible. Of the three instances noted, one applicant received free meals that should have received reduced price; one applicant received reduced price meals that should have been full pay status; and one applicant received reduced price meals that should have received free meals.

7 CFR section 245.6a(f)(7) states: "*Eligibility changes*. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. . . ."

The School Corporation did not have controls in place to reduce the risk of noncompliance with Special Tests and Provisions.

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funding to the School Corporation.

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

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(Continued)

**FINDING 2014-005 - REPORTING**

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 13, FY 14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Reporting compliance requirements. The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the compliance requirements to remain undetected.

The Annual Financial Report filed by the School Corporation for the fiscal year ending June 30, 2013, did not properly report breakfast and lunch sales. A Prepaid Food Clearing account was not in use by the School Corporation in the fiscal year ending June 30, 2013. Prepaid food receipts were included in the sales figures reported. À la cart sales were reported as other income, instead of other food service.

The Annual Financial Report filed by the School Corporation for the fiscal year ending June 30, 2014, did not properly report à la cart sales of \$56,700 as other food service. The à la cart sales were included in the breakfast and lunch sales figures reported. The balance of Prepaid Food accounts at June 30, 2014, of \$13,046 was not reported.

The Verification Summary Report filed by the School Corporation for the fiscal year ending June 30, 2014, did not accurately report the results of the applications verified.

1. Eight applications were verified, but the School Corporation reported that ten applications were verified. Two applications were verified with direct verification and should not have been reported in this section of the report.
2. The results section of the report contained the following errors:
  - a. Four applicants were "responded, no change" but the School Corporation reported seven.
  - b. One applicant was "not responded, changed to paid," but the School Corporation reported two.
3. Two applications were direct verification, but the School Corporation reported eight.
4. The School Corporation reported 643 students received free or reduced meals, while the School Corporation's records presented for audit showed 746 students received free or reduced meals.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties.

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(Continued)

7 CFR 3016.20(b)(1) states: "*Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

7 CFR 245.6a(h) states:

"*Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS."

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Reporting requirements of the program.

***FINDING 2014-006 - ELIGIBILITY***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 13, FY 14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Eligibility compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

Internal controls over eligibility determinations at the School Corporation were not sufficient to prevent, or detect and correct, errors in the eligibility classification of the applicants.

The School Corporation did not properly determine the eligibility status for some students receiving free or reduced price meals. Forty applications received during the audit period were selected for review. Of the 40 applications reviewed, 7 had incorrect eligibility determinations. The following deficiencies were noted in the eligibility determination process:

1. Eligibility for two applicants was determined using a different household size than was listed on the application, resulting in one applicant receiving free meals which should have been reduced price and one applicant receiving reduced price meals which should have been full paid status.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
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(Continued)

2. Eligibility based on income for four applicants was improperly determined, resulting in two applicants receiving reduced price meals that should have been full paid status, and two applicants receiving free meals that should have been reduced price.
3. One application containing a food stamp case number was improperly determined to be eligible for reduced price meals instead of free meals.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties.

7 CFR 245.6(c) states in part:

*"Determination of eligibility-*

- (1) *Duration of eligibility.* Except as otherwise specified in paragraph (c)(3) of this section, eligibility for free or reduced price meals, as determined through an approved application or by direct certification, must remain in effect for the entire school year and for up to 30 operating days into the subsequent school year. The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. The local educational agency must determine eligibility for free or reduced price meals when a household submits an application or if feasible, through direct certification, at any time during the school year.

7 CFR 245.3 states in part:

"(a) Each State agency, or FNSRO where applicable, shall by July 1 of each year announce family-size income standards to be used by local educational agencies, as defined in § 245.2, under the jurisdiction of such State agency, or FNSRO where applicable, in making eligibility determinations for free or reduced price meals and for free milk. Such family size income standards for free and reduced price meals and for free milk shall be in accordance with Income Eligibility Guidelines published by the Department by notice in the Federal Register.

(b) Each participating local educational agency and all participating schools under its jurisdiction must adhere to the eligibility criteria specified in this part. . . ."

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance, and comply with, the Eligibility compliance requirements of the program.

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(Continued)

***FINDING 2014-007 - CASH MANAGEMENT***

Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
CFDA Number: 10.553, 10.555  
Federal Award Number and Year (or Other Identifying Number): FY 13, FY 14  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Cash Management compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The School Lunch fund balance of the School Corporation exceeded its three month average expenditures in all 24 months of the audit period. The three month average of expenditures for the fiscal year ending June 30, 2013, was \$192,168. The cash balance exceeded the three month average by between \$100,878 and \$151,514 each month. The three month average of expenditures for the fiscal year ending June 30, 2014, was \$217,128. The cash balance exceeded the three month average by between \$18,539 and \$93,375 each month.

Noncompliance with the Cash Management requirements occurred due to the lack of effective internal control procedures to ensure compliance.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties.

7 CFR 210.14(b) states in part: "The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its non-profit school food service . . ."

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

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

The failure to establish effective internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management requirements of the program.

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(Continued)

***FINDING 2014-008 - INTERNAL CONTROLS OVER TITLE I  
GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 12-4000, 13-4000, 14-4000  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Eligibility, Period of Availability of Federal Funds, Reporting, and Special Tests and Provisions.

Activities Allowed or Unallowed: Upon examination of the payroll docket, it was noted that the School Board approved payroll disbursements; however, the payroll docket did not identify the fund from which the employee was paid. The School Board's approval would not ensure that only employees performing Title I activities were paid from the program.

Cash Management: The Deputy Treasurer prepares and submits reimbursement requests. No evidence was presented to indicate that a control was in place to ensure that all costs submitted for reimbursement had been incurred and paid prior to requesting reimbursement.

Eligibility: The Deputy Treasurer prepares and submits the Real Time Report information used to determine eligibility. There is no control in place to ensure that the Real Time Reports are accurate prior to submission.

Period of Availability of Federal Funds: The Deputy Treasurer prepares and submits reimbursement requests. No evidence was presented to indicate that a control was in place to ensure that all costs submitted for reimbursement were incurred during the period of availability.

Reporting: The Deputy Treasurer prepares and submits reimbursement requests and Annual Expenditure Reports. There is no control in place to ensure that reimbursement requests and Annual Expenditure Reports are accurate prior to submission.

Special Tests and Provisions: The Title I Director is responsible for ensuring that the School Corporation's comprehensive needs assessment, comprehensive plan, and annual evaluation of the schoolwide program are completed. No evidence was presented to indicate that a control was in place to ensure that these items were completed.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of

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(Continued)

functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

***FINDING 2014-009 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-4000, 13-4000, 14-4000

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

The School Corporation did not have a system in place to ensure compliance with the OMB Circular A-87 regulations for time and effort reporting. Only one of the semiannual certification activity reports for employees paid from Title I funds for the fiscal years ended June 30, 2013 and 2014, was presented for audit.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties.

OMB Circular A-87, Attachment B, Section 8(h), Compensation for personal services, states in part:

"Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation. . . .

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

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- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
- (a) More than one Federal award,
  - (b) A Federal award and a non Federal award,
  - (c) An indirect cost activity and a direct cost activity,
  - (d) Two or more indirect activities which are allocated using different allocation bases, or
  - (e) An unallowable activity and a direct or indirect cost activity."

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish policies and procedures to ensure compliance with the Allowable Costs/Cost Principles requirements of the program.

***FINDING 2014-010 - INTERNAL CONTROL OVER SPECIAL EDUCATION CLUSTER (IDEA)***

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Numbers): A58-3-13DL-1493, 14211-038-PN01,  
14212-038-PN01, 14213-038-PN01,  
14214-038-PN01, 99914-038-TA01,  
45711-038-PN01, 45712-038-PN01,  
45713-038-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Period of Availability of Federal Funds, and Reporting.

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(Continued)

The School Corporation designated Madison Area Educational Special Services Unit (MAESSU) as the fiscal agent to receive and manage the funding of the Special Education programs. We noted the following deficiencies in the internal control system:

Cash Management - Requests for Reimbursement are prepared by MAESSU's Business Manager. There was no control in place to ensure that expenditures were paid prior to requesting reimbursement.

Period of Availability of Federal Funds - MAESSU's Business Manager monitors expenditures for compliance with Period of Availability of Federal Fund requirements. There was no control in place to ensure expenditures were incurred within the period of availability.

Reporting - The Requests for Reimbursement and Final Expenditure Reports are prepared and submitted by MAESSU's Business Manager. There was no control in place to ensure that the Requests for Reimbursement and Final Expenditure Reports were accurate prior to submission.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

# Southwestern Jefferson County Consolidated School Corporation

239 South Main Cross Street Hanover, Indiana 47243-9309 Administrative Office 812-866-6250 FAX 812-866-6256

Superintendent

Trevor Jones

Assistant To

Superintendent/

Corporation Treasurer

Laura Boldery

Board of School Trustees

Jodi Gray, President

Michael Hicks, Vice-President

Lacie Deputy, Secretary

John Jones, Member

Richard Stockdale, Member

December 3, 2015

Corrective Action Plan

FINDING 2014-001. PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Internal controls continue to be a problem in all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation does provide the most reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations as reasonably possible.

We feel the segregation of duties and safeguarding controls over cash and all other assets and all forms of information processing are done to the best of our ability with the available staff.

Controls over the receipting, disbursing, recording and accounting for the financial activities are completed in the following manner. The Deputy Treasurer now does the recording of the Federal Grants. Previously, the Treasurer did all the Federal Grant accounting. Receipts are written by the Deputy Treasurer. I, Treasurer, personally sign and check every receipt before they are recorded. I have a Deputy Treasurer and an Assistant Treasurer. If I am absent the Assistant Treasurer signs each receipt for the Deputy Treasurer. Treasurer, Deputy Treasurer or Assistant Deputy make deposits daily.

Disbursing is done by checks written by Deputy Treasurer. Treasurer checks invoicing and personally signs all checks before processing and mailing. If Treasurer is absent the Assistant Treasurer signs each check personally. The same process is used for preparing the actual SEFA to insure it is correct.

The School Board is given a list of all checks and invoices being paid prior to monthly Board meetings. Questions concerning any invoices are asked and all checks are approved prior to payment being sent to vendors. Checks are then mailed after Board approval.

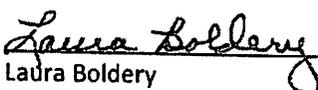
Accounting is done by both the Treasurer and Deputy Treasurer. The Deputy Treasurer does the daily accounting. The Treasurer does the monthly accounting, closing, and beginning the next month.

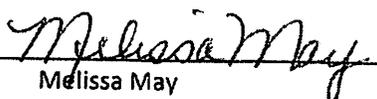
We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery or Melissa May

Title: Treasurer/Assistant to the Superintendent or Deputy Treasurer

Phone: 812-866-6253 or 812-866-1235

  
Laura Boldery

  
Melissa May

12-8-15  
Date

CHARACTER COUNTS!

Everywhere -- All The Time

TRUSTWORTHINESS

RESPECT

RESPONSIBILITY

FAIRNESS

CARING

CITIZENSHIP

# Southwestern Jefferson County Consolidated School Corporation

239 South Main Cross Street Hanover, Indiana 47243-9309 Administrative Office 812-866-6250 FAX 812-866-6256

Superintendent

Trevor Jones

Assistant To  
Superintendent/  
Corporation Treasurer

Laura Boldery

December 3, 2015

Corrective Action Plan

Board of School Trustees

Jodi Gray, President  
Michael Hicks, Vice-President  
Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-002. PROCUREMENT AND SUSPENSION AND DEBARMENT

Internal controls continue to be a problem in all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation does provide the most effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements as we possibly can with limited staff.

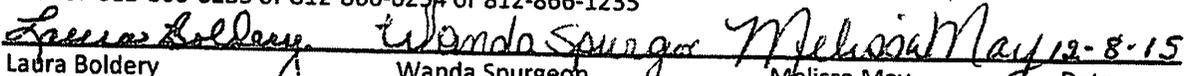
Southwestern Jefferson County Consolidated School Corporation will correct the verification of awarded contracts exceeding \$25,000 for the School Breakfast and National School Lunch Programs. Beginning January 4, 2016 all awarded contracts exceeding \$25,000 will have evidence on file that the contracted entities were searched and not suspended or debarred. The Food Service Director will do a search of the System of Award Manager Center website. Contracts will not be awarded to any vendor appearing on the Excluded Parties List.

Segregation of duties will be designed and operated more effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented or detected and corrected on a timely basis. We have on staff the Food Service Director and her assistant in the same office. Each sees what the other works on. The daily receipts are done by cashiers. Money is checked by cashiers, given to Food Service Director and then deposited. A record is given to the Treasurer or Deputy Treasurer in the Administration Office. The recording is done by the Food Service Director for the individual schools. All school recording is done in the Administration Office's software program. Vendors are paid by purchase orders approved by the Food Service Director. The Corporation Treasurer or Deputy Treasurer records, writes and mails checks. Vouchers are checked and checks are signed by the other official in the Administration Office. All vouchers lists are sent to the School Board at least three days prior to meeting date. The School Board approves all vouchers and payrolls at the monthly Board meeting.

The Federal reporting for the School Breakfast Program and the National School Lunch Program is done by the Food Service Director. The daily reporting is done by the Deputy Treasurer in the Central Office. The monthly recording is done by the Corporation Treasurer.

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery or Wanda Spurgeon or Melissa May  
Title: Treasurer/Assistant to the Superintendent or Food Service Director or Deputy Treasurer  
Phone: 812-866-6253 or 812-866-6254 or 812-866-1235

  
\_\_\_\_\_  
Laura Boldery                      Wanda Spurgeon                      Melissa May                      Date

CHARACTER COUNTS!

Everywhere - All The Time

TRUSTWORTHINESS      RESPECT      RESPONSIBILITY      FAIRNESS      CARING      CITIZENSHIP

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Trevor Jones

Board of School Trustees

Assistant To  
Superintendent/  
Corporation Treasurer  
Laura Boldery

December 3, 2015  
Corrective Action Plan

Jodi Gray, President  
Michael Hicks, Vice-President  
Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-003. SPECIAL TESTS AND PROVISIONS

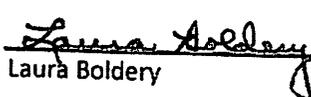
Internal controls continue to be a problem in all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation will correct the paid lunch equity compliance requirements that have a direct and material effect on the National School Lunch Program and School Breakfast Program.

Effective January 4, 2016 paid lunch prices will be increased ten cents. The School Board approved this increase at the monthly meeting held on November 24, 2015. The School Board anticipates increasing the paid lunch prices another ten cents at the beginning of the 2016-2017 school year in August 2016. This will be continued, with School Board approval, until the difference between the per meal Federal reimbursement for paid and free lunches reaches the requirements for paid lunch equity.

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery or Wanda Spurgeon  
Title: Treasurer/Assistant to the Superintendent or Food Service Director  
Phone: 812-866-6253 or 812-866-6254

  
Laura Boldery

  
Wanda Spurgeon

12-8-15  
Date

CHARACTER COUNTS!  
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TRUSTWORTHINESS RESPECT RESPONSIBILITY FAIRNESS CARING CITIZENSHIP

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Superintendent

Trevor Jones

Assistant To  
Superintendent/  
Corporation Treasurer

Laura Boldery

December 3, 2015

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Board of School Trustees

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Michael Hicks, Vice-President  
Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-004. SPECIAL TESTS AND PROVISIONS

Internal controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation will correct the verification of free and reduced price applications compliance requirements. The Food Service Director has worked on finding and correcting the errors in determining the income when performing verifications of free and reduced price applications. The problem has been seen since the change of applying on line. The Food Service Director was not checking each line that had been filled out. Since the Audit she has gone over all the applications. Some of the dependents were being shown in two places. That made them being counted twice when the calculate and send buttons were hit.

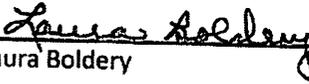
The School Food Director will make all necessary corrections immediately. Future applications will be double checked to try to keep this from happening again.

The School Food Director's Assistant will double check the applications to establish an effective internal control system. This will help to avoid noncompliance with the grant agreement and the compliance requirements to remain undetected.

The School Food Director will follow 7 CFR section 245.6a(f)(7): "Eligibility changes. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially."

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery or Wanda Spurgeon  
Title: Treasurer/Assistant to the Superintendent or Food Service Director  
Phone: 812-866-6253 or 812-866-6254

  
Laura Boldery

  
Wanda Spurgeon

12-8-15  
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Corporation Treasurer  
Laura Boldery

December 3, 2015

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Jodi Gray, President  
Michael Hicks, Vice-President  
Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-005. REPORTING

Internal controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation corrected the Prepaid Food Clearing account. The accounting for the National School Lunch Program and School Breakfast Program had been done in an extra-curricular account. State Board of Accounts recommended the accounting be done in the Administration Office accounts. At the time of the move we were unaware of how the Prepaid Food Clearing account was supposed to be set up. State Board of Accounts explained the procedure and it is being followed.

Ala cart sales will be reported as other food service instead of other income effective January 4, 2016. Every effort will be made to report the Ala cart sales correctly.

Application verifications will be closely monitored beginning immediately. Real Time reporting is done in the Administration Office by the Deputy Treasurer. Application verifications are done in the Extra-Curricular Office by the School Food Director. Beginning January 4, 2016 Real Time reports will be compared by printing a list of verified applicants. This will help with correct reporting as well as internal control.

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery or Wanda Spurgeon or Melissa May  
Title: Treasurer/Assistant to the Superintendent or Food Service Director or Deputy Treasurer  
Phone: 812-866-6253 or 812-866-6254 or 812-866-1235

  
Laura Boldery

  
Wanda Spurgeon

  
Melissa May

12-8-15  
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December 3, 2015  
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Board of School Trustees

Jodi Gray, President  
Michael Hicks, Vice-President  
Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-006. Eligibility

Internal controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation will correct the eligibility determinations to prevent, or detect and correct, errors in the eligibility classification of the applicants.

The Food Service Director together with her Assistant and someone in the Administration Office will be closely checking every application and changes will be made prior to submitting.

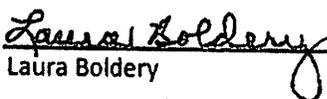
Food stamp case numbers will be properly determined to be eligible for free meals instead of reduced price meals.

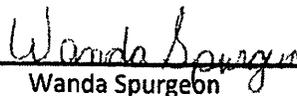
Application verifications will be closely monitored beginning immediately. Real Time reporting is done in the Administration Office by the Deputy Treasurer. Application verifications are done in the Extra-Curricular Office by the School Food Director and Assistant. Beginning January 4, 2016 Real Time reports will be compared by printing a list of verified applicants. This will help with correct reporting as well as internal control.

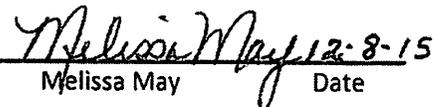
The Eligibility compliance requirements will be followed as closely as possible beginning immediately.

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery, Wanda Spurgeon, Melissa May  
Title: Treasurer/Assistant to the Superintendent or Food Service Director or Deputy Treasurer  
Phone: 812-866-6253 or 812-866-6254 or 812-866-1235

  
Laura Boldery

  
Wanda Spurgeon

  
Melissa May Date 12-8-15

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Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-007. CASH MANAGEMENT

Internal controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation will correct the cafeteria cash balance immediately. The school food authority shall limit its net cash resources to an amount that does not exceed three months average expenditures for its non-profit school food service as stated by 7 CFR 210.14(b).

The Southwestern School Board approved some things to spend some of the cafeteria funds. Beginning January 4, 2016 all Southwestern students will be given a free breakfast. Maintenance employees will be charged to the cafeteria when working on cafeteria equipment and rooms.

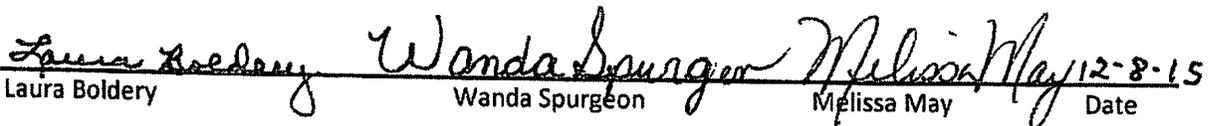
The monthly cash balance will be closely monitored by the Food Service Director, Corporation Treasurer and Deputy Treasurer. Every effort will be made to maintain a cash balance not exceeding the three months average of expenditures at the end of any month.

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery, Wanda Spurgeon, Melissa May

Title: Treasurer/Assistant to the Superintendent or Food Service Director or Deputy Treasurer

Phone: 812-866-6253 or 812-866-6254 or 812-866-1235

  
Laura Boldery                      Wanda Spurgeon                      Melissa May                      12-8-15  
Date

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Assistant To

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Corporation Treasurer

Laura Boldery

December 3, 2015

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Jodi Gray, President

Michael Hicks, Vice-President

Lacie Deputy, Secretary

John Jones, Member

Richard Stockdale, Member

**FINDING 2014-008. INTERNAL CONTROLS OVER TITLE 1 GRANTS TO LOCAL EDUCATIONAL AGENCIES**

Activities Allowed or unallowed: To correct identifying the fund from which employees are paid beginning January 4, 2016 Southwestern School Board will be given the Payroll Distribution Report. This report is broken down by employees and by fund.

Cash Management: The Deputy Treasurer prepares and submits reimbursement requests. Reports are taken from our Komputrol Software Program showing what expenditures had been made prior to completing the reimbursement requests. Title I beginning balance, receipts, expenditures and ending balance are checked at the end of each month by the Treasurer. The reports must balance prior to asking for reimbursement. Reports are attached to the reimbursement requests and maintained in our files. We only ask for the amount on the fund report that shows in the red at the time of submitting. Beginning January 4, 2016 the Treasurer will check, approve and sign all reimbursements prior to filing. If the Treasurer fills out the reimbursement the Deputy or Assistant Treasurer will check, approve, and verify all reimbursements prior to filing.

Eligibility: The Deputy Treasurer prepares and submits the Real Time Report information used to determine eligibility. Beginning January 4, 2016 a report will be run with the names of eligible students. The report will be checked with the Real Time Report prior to submitting the report. Information for the Real Time report is gathered from the Harmony Program entered by each school.

Period of Availability of Federal Funds: The Deputy Treasurer prepares and submits reimbursement requests. We will continue sending in requests on the 15<sup>th</sup> and 30<sup>th</sup> of each month. We will continue to use balanced bookkeeping paper work with reimbursements. Treasurer closes out monthly reporting.

Reporting: The Deputy Treasurer prepares and submits reimbursement requests and Annual Expenditure Reports. We balance reports prior to submitting. Treasurer closes out monthly reporting. Another official who does not fill out the forms will review, approve, and verify reimbursement forms.

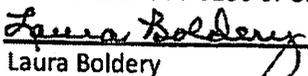
Special Tests and Provisions: The Title I Director, Elementary Principal, is responsible for ensuring that the School Corporation's assessment, comprehensive plan, and annual evaluation of the schoolwide program are completed. Beginning January 4, 2016 the Assistant Principal will sign and verify.

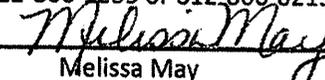
We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery, Melissa May, Karla Gauger

Title: Treasurer/Assistant to the Superintendent or Deputy Treasurer or Title I Director

Phone: 812-866-6253 or 812-866-1235 or 812-866-6215

  
Laura Boldery

  
Melissa May

  
Karla Gauger

12-8-15  
Date

CHARACTER COUNTS!

Everywhere - All The Time

TRUSTWORTHINESS

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Laura Boldery

December 3, 2015

Corrective Action Plan

Board of School Trustees

Jodi Gray, President  
Michael Hicks, Vice-President  
Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-009. ALLOWABLE COSTS/COST PRINCIPLES

Internal controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

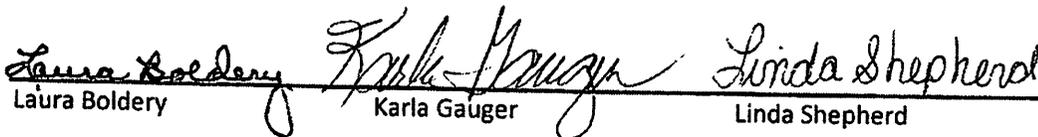
Southwestern Jefferson County Consolidated School Corporation will put a system in place to ensure compliance with the Circular A-87 regulations for time and effort reporting. Beginning January 4, 2016 certification activity reports for employees paid from Title I funds will be completed in a timely manner.

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. Payroll time sheets are signed by the Title I Director and employee. Beginning January 4, 2016 certification activity reports will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee and the payroll clerk. School Board approves all payrolls.

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards beginning January 4, 2016. The reports will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Payroll clerk will also sign time sheets.

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery, Karla Gauger, Linda Shepherd  
Title: Treasurer/Assistant to the Superintendent or Title I Director or Payroll Clerk  
Phone: 812-866-6253 or 812-866-6215 or 812-866-6252

  
Laura Boldery      Karla Gauger      Linda Shepherd      12-8-15  
Date

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Lacie Deputy, Secretary  
John Jones, Member  
Richard Stockdale, Member

FINDING 2014-010. INTERNAL CONTROL OVER SPECIAL EDUCATION CLUSTER (IDEA)

Internal controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Southwestern Jefferson County Consolidated School Corporation designated Madison Special Services Unit (MAESSU) as the fiscal agent to receive and manage the funding of the Special Education programs.

Cash Management: Requests for reimbursements are prepared by MAESSU's Business Manager. The Business Manager began in October 2015 having the MAESSU Board sign reports.

Period of Availability: MAESSU's Business Manager monitors expenditures for compliance with Period of Availability of federal Fund requirements. The Business Manager began in October 2015 having the MAESSU Board sign reports.

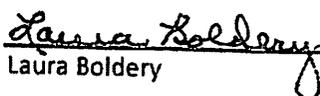
Reporting: the Requests for Reimbursement and Final Expenditure Reports are prepared and submitted by MAESSU's Business Manager. The Business Manager began in October 2015 having the MAESSU Board sign reports.

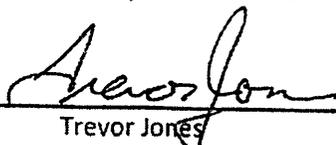
Madison Special Services Unit will work towards maintaining internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on the Federal program as stated in OMB Circular A-133, Subpart C, section .300.

Southwestern Jefferson County Consolidated School Corporation has been assured by the MAESSU's Business Manager and Board that every effort will be maintained to accomplish fulfilling the requirements.

We will continue perfecting the internal control to the best of our ability. Everything possible is double checked prior to closing each month.

Contact Person: Laura Boldery, Trevor Jones  
Title: Treasurer/Assistant to the Superintendent or Superintendent & MAESSU Board Member  
Phone: 812-866-6253 or 812-866-6255

  
Laura Boldery

  
Trevor Jones

12-8-15  
Date

TRUSTWORTHINESS

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#### 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/>.