

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

AUDIT REPORT

OF

WARRICK COUNTY SCHOOL CORPORATION

WARRICK COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

03/01/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sarah Evans	07-01-09 to 06-30-11
Superintendent of Schools	Brad Schneider	07-01-09 to 06-30-11
President of the School Board	Dorothy Kroeger Gary Hachmeister	07-01-09 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warrick County School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 1, 2011, 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 and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 1, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warrick County School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 1, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 1, 2011

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 33,350,536	\$ -	\$ 199,723	\$ (33,150,813)
Support services	22,298,791	2,685,979	1,415,055	(18,197,757)
Noninstructional services	4,943,495	-	-	(4,943,495)
Facilities acquisition and construction	10,919,636	-	-	(10,919,636)
Debt service	13,195,688	-	-	(13,195,688)
Nonprogrammed charges	11,646,584	-	-	(11,646,584)
Total governmental activities	<u>\$ 96,354,730</u>	<u>\$ 2,685,979</u>	<u>\$ 1,614,778</u>	<u>(92,053,973)</u>
General receipts:				
Property taxes				42,924,136
Other local sources				6,472,746
State aid				37,199,891
Bonds and loans				4,000,000
Grants and contributions not restricted to specific programs				6,273,139
Sale of property				102,075
Investment earnings				207,231
Other				151,737
Total general receipts				<u>97,330,955</u>
Change in net assets				5,276,982
Net assets - beginning				<u>5,054,857</u>
Net assets - ending				<u>\$ 10,331,839</u>
Assets				
Cash and investments				\$ 9,618,808
Restricted assets:				
Cash and investments				<u>713,031</u>
Total assets				<u>\$ 10,331,839</u>
Net Assets				
Restricted for:				
Debt service				\$ 945
Other purposes				712,086
Unrestricted				<u>9,618,808</u>
Total net assets				<u>\$ 10,331,839</u>

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		Charges for Services	Operating Grants and Contributions	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 33,795,324	\$ -	\$ 304,415	\$ (33,490,909)
Support services	23,932,058	2,804,723	1,649,071	(19,478,264)
Noninstructional services	5,482,304	-	-	(5,482,304)
Facilities acquisition and construction	7,055,828	-	-	(7,055,828)
Debt service	9,107,751	-	-	(9,107,751)
Nonprogrammed charges	9,471,230	-	-	(9,471,230)
Total governmental activities	\$ 88,844,495	\$ 2,804,723	\$ 1,953,486	(84,086,286)
General receipts:				
Property taxes				33,276,189
Other local sources				4,462,181
State aid				52,068,204
Grants and contributions not restricted to specific programs				4,096,581
Sale of property				151,183
Investment earnings				38,968
Other				200,771
Total general receipts				94,294,077
Change in net assets				10,207,791
Net assets - beginning				10,331,839
Net assets - ending				\$ 20,539,630
<u>Assets</u>				
Cash and investments				\$ 14,636,245
Restricted assets:				
Cash and investments				5,903,385
Total assets				\$ 20,539,630
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 4,885,728
Other purposes				1,017,657
Unrestricted				14,636,245
Total net assets				\$ 20,539,630

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Levy Excess	Fiscal Stabilization- Education	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 23,553,268	\$ -	\$ -	\$ 6,637,878	\$ 10,165,246	\$ 11,932,867	\$ 52,289,259
Intermediate sources	833	-	-	-	-	-	833
State sources	37,311,002	-	-	-	-	827,958	38,138,960
Federal sources	-	-	4,530,981	-	-	2,417,867	6,948,848
Temporary loans	4,000,000	-	-	-	-	-	4,000,000
Interfund loans	-	-	-	1,540,000	2,760,000	6,415,000	10,715,000
Other	69,404	-	-	-	46,638	35,695	151,737
Total receipts	64,934,507	-	4,530,981	8,177,878	12,971,884	21,629,387	112,244,637
Disbursements:							
Current:							
Instruction	37,397,958	-	-	-	-	1,034,824	38,432,782
Support services	13,794,883	-	-	-	2,937,813	7,359,182	24,091,878
Noninstructional services	1,275,697	-	-	-	-	3,667,798	4,943,495
Facilities acquisition and construction	-	-	-	-	8,276,002	2,643,634	10,919,636
Debt services	4,000,000	-	-	7,273,133	-	1,922,555	13,195,688
Nonprogrammed charges	2,520,196	-	-	-	-	519,063	3,039,259
Interfund loans	5,201,000	-	-	400,000	855,000	5,214,000	11,670,000
Total disbursements	64,189,734	-	-	7,673,133	12,068,815	22,361,056	106,292,738
Excess (deficiency) of receipts over disbursements	744,773	-	4,530,981	504,745	903,069	(731,669)	5,951,899
Other financing sources (uses):							
Sale of capital assets	6,245	-	-	-	-	95,830	102,075
Transfers in	135,065	1,906,623	-	-	-	888,122	2,929,810
Transfers out	(935,604)	(135,065)	-	(510,662)	(903,220)	(445,259)	(2,929,810)
Total other financing sources (uses)	(794,294)	1,771,558	-	(510,662)	(903,220)	538,693	102,075
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,521)	1,771,558	4,530,981	(5,917)	(151)	(192,976)	6,053,974
Cash and investments - beginning	92,697	135,065	-	6,440	1,854	3,329,723	3,565,779
Cash and investments - ending	\$ 43,176	\$ 1,906,623	\$ 4,530,981	\$ 523	\$ 1,703	\$ 3,136,747	9,619,753
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							712,086
Net assets of governmental activities							\$ 10,331,839
Cash and Investment Assets - Ending							
Cash and investments	\$ 43,176	\$ 1,906,623	\$ 4,530,981	\$ -	\$ 1,703	\$ 3,136,325	\$ 9,618,808
Restricted assets:							
Cash and investments	-	-	-	523	-	422	945
Total cash and investment assets - ending	\$ 43,176	\$ 1,906,623	\$ 4,530,981	\$ 523	\$ 1,703	\$ 3,136,747	\$ 9,619,753
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 523	\$ -	\$ 422	\$ 945
Unrestricted	43,176	1,906,623	4,530,981	-	1,703	3,136,325	9,618,808
Total cash and investment fund balance - ending	\$ 43,176	\$ 1,906,623	\$ 4,530,981	\$ 523	\$ 1,703	\$ 3,136,747	\$ 9,619,753

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Levy Excess	Fiscal Stabilization- Education	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 547,662	\$ 2,949	\$ -	\$ 11,488,586	\$ 13,197,454	\$ 15,344,577	\$ 40,581,228
Intermediate sources	833	-	-	-	-	-	833
State sources	52,288,675	-	-	-	-	609,169	52,897,844
Federal sources	-	-	1,990,518	-	-	3,229,909	5,220,427
Interfund loans	4,814,000	-	-	504,000	-	2,171,000	7,489,000
Other	64,830	-	-	-	97,579	38,362	200,771
Total receipts	57,716,000	2,949	1,990,518	11,992,586	13,295,033	21,393,017	106,390,103
Disbursements:							
Current:							
Instruction	31,161,192	-	6,521,499	-	-	1,586,877	39,269,568
Support services	15,215,985	-	-	-	3,001,163	7,646,299	25,863,447
Noninstructional services	1,516,209	-	-	-	-	3,966,095	5,482,304
Facilities acquisition and construction	1,901	-	-	-	4,607,883	2,446,044	7,055,828
Debt services	-	-	-	7,183,000	-	1,924,751	9,107,751
Nonprogrammed charges	2,098,230	-	-	-	-	272,938	2,371,168
Interfund loans	443,000	-	-	104,000	2,760,000	4,182,000	7,489,000
Total disbursements	50,436,517	-	6,521,499	7,287,000	10,369,046	22,025,004	96,639,066
Excess (deficiency) of receipts over disbursements	7,279,483	2,949	(4,530,981)	4,705,586	2,925,987	(631,987)	9,751,037
Other financing sources (uses):							
Sale of capital assets	24,628	-	-	-	-	126,555	151,183
Transfers in	990,697	-	-	187,858	290,531	1,580,092	3,049,178
Transfers out	-	(1,909,572)	-	(298,200)	(472,049)	(369,357)	(3,049,178)
Total other financing sources (uses)	1,015,325	(1,909,572)	-	(110,342)	(181,518)	1,337,290	151,183
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,294,808	(1,906,623)	(4,530,981)	4,595,244	2,744,469	705,303	9,902,220
Cash and investments - beginning	43,176	1,906,623	4,530,981	523	1,703	3,136,747	9,619,753
Cash and investments - ending	\$ 8,337,984	\$ -	\$ -	\$ 4,595,767	\$ 2,746,172	\$ 3,842,050	19,521,973
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							1,017,657
Net assets of governmental activities							\$ 20,539,630
Cash and Investment Assets - Ending							
Cash and investments	\$ 8,337,984	\$ -	\$ -	\$ -	\$ 2,746,172	\$ 3,552,089	\$ 14,636,245
Restricted assets:							
Cash and investments	-	-	-	4,595,767	-	289,961	4,885,728
Total cash and investment assets - ending	\$ 8,337,984	\$ -	\$ -	\$ 4,595,767	\$ 2,746,172	\$ 3,842,050	\$ 19,521,973
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 4,595,767	\$ -	\$ 289,961	\$ 4,885,728
Unrestricted	8,337,984	-	-	-	2,746,172	3,552,089	14,636,245
Total cash and investment fund balance - ending	\$ 8,337,984	\$ -	\$ -	\$ 4,595,767	\$ 2,746,172	\$ 3,842,050	\$ 19,521,973

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 6,875,333
Operating disbursements:	
Insurance claims and expense	7,652,325
Deficiency of operating receipts over operating disbursements	(776,992)
Cash and investment fund balance - beginning	1,489,078
Cash and investment fund balance - ending	\$ 712,086
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 712,086
Total cash and investment assets - ending	\$ 712,086
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 712,086
Total cash and investment fund balance - ending	\$ 712,086

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 7,405,633
Operating disbursements:	
Insurance claims and expense	<u>7,100,062</u>
Excess of operating receipts over operating disbursements	305,571
Cash and investment fund balance - beginning	<u>712,086</u>
Cash and investment fund balance - ending	<u>\$ 1,017,657</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,017,657</u>
Total cash and investment assets - ending	<u>\$ 1,017,657</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,017,657</u>
Total cash and investment fund balance - ending	<u>\$ 1,017,657</u>

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Interfund loan	\$ 955,000	\$ -
Other	<u>-</u>	<u>175,245</u>
Total contributions	<u>955,000</u>	<u>175,245</u>
Investment earnings:		
Interest	<u>1,304</u>	<u>-</u>
Total additions	<u>956,304</u>	<u>175,245</u>
Deductions:		
Benefits	381,532	-
Administrative and general	<u>-</u>	<u>180,231</u>
Total deductions	<u>381,532</u>	<u>180,231</u>
Excess (deficiency) of total additions over total deductions	574,772	(4,986)
Cash and investment fund balance - beginning	<u>543,162</u>	<u>10,072</u>
Cash and investment fund balance - ending	<u>\$ 1,117,934</u>	<u>\$ 5,086</u>
Net assets:		
Cash and investments	<u>\$ 1,117,934</u>	<u>\$ 5,086</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,117,934</u>	<u>\$ 5,086</u>

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

WARRICK COUNTY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:		
Other	\$ -	\$ 49,745
Investment earnings:		
Interest	<u>2,189</u>	<u>-</u>
Total additions	<u>2,189</u>	<u>49,745</u>
Deductions:		
Benefits	253,414	-
Administrative and general	<u>-</u>	<u>39,044</u>
Total deductions	<u>253,414</u>	<u>39,044</u>
Excess (deficiency) of total additions over total deductions	(251,225)	10,701
Cash and investment fund balance - beginning	<u>1,117,934</u>	<u>5,086</u>
Cash and investment fund balance - ending	<u>\$ 866,709</u>	<u>\$ 15,787</u>
Net assets:		
Cash and investments	<u>\$ 866,709</u>	<u>\$ 15,787</u>
Total net assets - cash and investment basis held in trust	<u>\$ 866,709</u>	<u>\$ 15,787</u>

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

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: Warrick County School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with East Gibson, North Gibson, South Gibson and Pike County School Corporations in a joint venture to operate Gibson-Pike-Warrick Special Education Cooperative which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to participate at a rate based on the percentage of Average Daily Attendance (ADA) for the Corporation compared to the ADA for the combined corporations. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Gibson-Pike-Warrick Special Education Cooperative can be obtained from their administrative offices at 618 East Main Street, Petersburg, Indiana 47567.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The levy excess fund is used to account for property taxes received which exceed 102% of the ad valorem property tax levy.

The fiscal stabilization-education fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for medical insurance for corporation employees.

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$21,422,126.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust has a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2009	2010
General Fund	Ley Excess Fund	\$ 935,604	\$ -
Ley Excess Fund	General Fund	135,065	748,951
	Debt Service Fund	-	187,858
	Capital Projects Fund	-	290,531
	Other governmental funds	-	682,232
Debt Service Fund	Ley Excess Fund	257,695	-
	Other governmental funds	252,967	298,200
Capital Projects Fund	Ley Excess Fund	398,536	-
	Other governmental funds	504,684	472,049
Other governmental funds	General Fund	-	241,746
	Ley Excess Fund	314,788	-
	Other governmental funds	130,471	127,611
Totals		<u>\$ 2,929,810</u>	<u>\$ 3,049,178</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the fund by deductions from the employees' salaries and wages and payments from the General Fund and are available to pay claims, claim reserves, and administrative costs of the program.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporations

The School Corporation has entered into capital leases with Boonville Junior High School Building Corporation, Elberfeld - J. H. Castle School Building Corporation, Boonville High School - Castle Junior High School Building Corporation and Castle Middle School Building Corporation (the lessors). The lessors were 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 lessors have been determined to be a related party of the School Corporation. Lease payments during the years 2008-2009 and 2009-2010 totaled \$7,240,000 and \$7,181,434, respectively.

C. Termination Benefits

During the current year, the School Corporation provided postemployment health insurance benefits to all employees who retire from the School Corporation on or after attaining age 55 with at least 20 years of service. Currently, 4 retirees meet these eligibility requirements. The School Corporation and retirees provide 41% and 59%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2010, disbursements of \$2,800 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$502,186.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy

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.

The School Corporation's contributions to the plan for the fiscal years ended June 30, 2010, 2009, and 2008, were \$939,085, \$886,013, and \$823,625, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool	Local Rainy Day	School Lunch	Textbook Rental	Alternative Education
Receipts:						
Local sources	\$ 5,821,006	\$ 89,042	\$ 168,472	\$ 2,410,652	\$ 666,909	\$ -
State sources	-	470,526	-	57,913	158,347	20,131
Federal sources	-	-	-	1,198,795	-	-
Interfund loans	2,811,000	-	2,780,000	-	-	-
Other	28,207	-	-	7,488	-	-
Total receipts	<u>8,660,213</u>	<u>559,568</u>	<u>2,948,472</u>	<u>3,674,848</u>	<u>825,256</u>	<u>20,131</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	18,251
Support services	5,662,261	-	-	2,049	869,694	-
Noninstructional services	-	-	-	3,649,831	-	-
Facilities acquisition and construction	-	-	2,643,634	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	519,063	-	-	-	-
Interfund loans	2,780,000	-	1,200,000	-	-	-
Total disbursements	<u>8,442,261</u>	<u>519,063</u>	<u>3,843,634</u>	<u>3,651,880</u>	<u>869,694</u>	<u>18,251</u>
Excess (deficiency) of receipts over disbursements	<u>217,952</u>	<u>40,505</u>	<u>(895,162)</u>	<u>22,968</u>	<u>(44,438)</u>	<u>1,880</u>
Other financing sources (uses):						
Sale of capital assets	180	-	95,650	-	-	-
Transfers in	-	-	787,795	-	-	-
Transfers out	(222,625)	(3,647)	-	-	-	-
Total other financing sources (uses)	<u>(222,445)</u>	<u>(3,647)</u>	<u>883,445</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,493)</u>	<u>36,858</u>	<u>(11,717)</u>	<u>22,968</u>	<u>(44,438)</u>	<u>1,880</u>
Cash and investments - beginning	<u>5,652</u>	<u>211,167</u>	<u>111,447</u>	<u>604,285</u>	<u>763,769</u>	<u>14,347</u>
Cash and investments - ending	<u>\$ 1,159</u>	<u>\$ 248,025</u>	<u>\$ 99,730</u>	<u>\$ 627,253</u>	<u>\$ 719,331</u>	<u>\$ 16,227</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,159	\$ 248,025	\$ 99,730	\$ 627,253	\$ 719,331	\$ 16,227
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,159</u>	<u>\$ 248,025</u>	<u>\$ 99,730</u>	<u>\$ 627,253</u>	<u>\$ 719,331</u>	<u>\$ 16,227</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,159	248,025	99,730	627,253	719,331	16,227
Total cash and investment fund balance - ending	<u>\$ 1,159</u>	<u>\$ 248,025</u>	<u>\$ 99,730</u>	<u>\$ 627,253</u>	<u>\$ 719,331</u>	<u>\$ 16,227</u>

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Safe Haven 2007-2008	Gifted & Talented 2010-2011	Non English Speaking	Title 1 11-8130	Title 1 09-8130	Title V Part A 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	32,429	68,075	20,537	-	-	-
Federal sources	-	-	-	-	871,489	2,802
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	32,429	68,075	20,537	-	871,489	2,802
Disbursements:						
Current:						
Instruction	-	68,075	20,537	162,313	474,460	7,432
Support services	32,429	-	-	12,648	79,137	-
Noninstructional services	-	-	-	6,095	8,750	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	32,429	68,075	20,537	181,056	562,347	7,432
Excess (deficiency) of receipts over disbursements	-	-	-	(181,056)	309,142	(4,630)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	100,327	-
Transfers out	-	-	-	(100,327)	-	-
Total other financing sources (uses)	-	-	-	(100,327)	100,327	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(281,383)	409,469	(4,630)
Cash and investments - beginning	-	-	-	281,383	-	7,432
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 409,469	\$ 2,802
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 409,469	\$ 2,802
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ -	\$ 409,469	\$ 2,802
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	409,469	2,802
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 409,469	\$ 2,802

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Learn & Serve 2008-2009	Title IV Part A 2005-2006	Title IV Part A 2008-2009	Title II Part A 2008-2009	Title III English Proficiency
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	5,000	-	22,756	298,425	18,600
Interfund loans	-	-	-	-	-
Other	-	-	-	-	-
Total receipts	5,000	-	22,756	298,425	18,600
Disbursements:					
Current:					
Instruction	5,000	-	-	260,156	18,600
Support services	-	-	21,853	1,050	-
Noninstructional services	-	74	903	2,145	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Interfund loans	-	-	-	-	-
Total disbursements	5,000	74	22,756	263,351	18,600
Excess (deficiency) of receipts over disbursements	-	(74)	-	35,074	-
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	-	(74)	-	35,074	-
Cash and investments - beginning	-	74	-	46,726	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 81,800	\$ -
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ -	\$ 81,800	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 81,800	\$ -
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	81,800	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 81,800	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Retirement Severance Bond	School Bus Replacement	Construction Technology	Construction	Totals
Receipts:					
Local sources	\$ 1,979,033	\$ 289,838	\$ 507,110	\$ 805	\$ 11,932,867
State sources	-	-	-	-	827,958
Federal sources	-	-	-	-	2,417,867
Interfund loans	824,000	-	-	-	6,415,000
Other	-	-	-	-	35,695
Total receipts	2,803,033	289,838	507,110	805	21,629,387
Disbursements:					
Current:					
Instruction	-	-	-	-	1,034,824
Support services	-	390,818	287,243	-	7,359,182
Noninstructional services	-	-	-	-	3,667,798
Facilities acquisition and construction	-	-	-	-	2,643,634
Debt services	1,922,555	-	-	-	1,922,555
Nonprogrammed charges	-	-	-	-	519,063
Interfund loans	810,000	-	424,000	-	5,214,000
Total disbursements	2,732,555	390,818	711,243	-	22,361,056
Excess (deficiency) of receipts over disbursements	70,478	(100,980)	(204,133)	805	(731,669)
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	95,830
Transfers in	-	-	-	-	888,122
Transfers out	(77,154)	(41,506)	-	-	(445,259)
Total other financing sources (uses)	(77,154)	(41,506)	-	-	538,693
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,676)	(142,486)	(204,133)	805	(192,976)
Cash and investments - beginning	7,098	146,768	504,575	625,000	3,329,723
Cash and investments - ending	<u>422</u>	<u>4,282</u>	<u>300,442</u>	<u>625,805</u>	<u>3,136,747</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 4,282	\$ 300,442	\$ 625,805	\$ 3,136,325
Restricted assets:					
Cash and investments	422	-	-	-	422
Total cash and investment assets - ending	<u>422</u>	<u>4,282</u>	<u>300,442</u>	<u>625,805</u>	<u>3,136,747</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ 422	\$ -	\$ -	\$ -	\$ 422
Unrestricted	-	4,282	300,442	625,805	3,136,325
Total cash and investment fund balance - ending	<u>422</u>	<u>4,282</u>	<u>300,442</u>	<u>625,805</u>	<u>3,136,747</u>

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Transportation Operating	Special Education Preschool	Local Rainy Day	School Lunch	Textbook Rental	Alternative Education
Receipts:						
Local sources	\$ 8,817,662	\$ -	\$ 2,497	\$ 2,435,027	\$ 622,974	\$ -
State sources	-	264,000	-	58,237	168,268	18,856
Federal sources	-	-	-	1,422,566	-	-
Interfund loans	443,000	-	1,200,000	-	-	-
Other	29,136	-	-	9,226	-	-
Total receipts	<u>9,289,798</u>	<u>264,000</u>	<u>1,202,497</u>	<u>3,925,056</u>	<u>791,242</u>	<u>18,856</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	-	34,391
Support services	6,016,814	-	-	2,315	890,545	-
Noninstructional services	-	-	-	3,931,904	-	-
Facilities acquisition and construction	-	-	1,363,450	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	272,938	-	-	-	-
Interfund loans	3,254,000	-	-	-	-	-
Total disbursements	<u>9,270,814</u>	<u>272,938</u>	<u>1,363,450</u>	<u>3,934,219</u>	<u>890,545</u>	<u>34,391</u>
Excess (deficiency) of receipts over disbursements	<u>18,984</u>	<u>(8,938)</u>	<u>(160,953)</u>	<u>(9,163)</u>	<u>(99,303)</u>	<u>(15,535)</u>
Other financing sources (uses):						
Sale of capital assets	6,455	-	120,100	-	-	-
Transfers in	615,045	2,659	770,249	-	-	-
Transfers out	-	(241,746)	-	-	-	-
Total other financing sources (uses)	<u>621,500</u>	<u>(239,087)</u>	<u>890,349</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>640,484</u>	<u>(248,025)</u>	<u>729,396</u>	<u>(9,163)</u>	<u>(99,303)</u>	<u>(15,535)</u>
Cash and investments - beginning	<u>1,159</u>	<u>248,025</u>	<u>99,730</u>	<u>627,253</u>	<u>719,331</u>	<u>16,227</u>
Cash and investments - ending	<u>\$ 641,643</u>	<u>\$ -</u>	<u>\$ 829,126</u>	<u>\$ 618,090</u>	<u>\$ 620,028</u>	<u>\$ 692</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 641,643	\$ -	\$ 829,126	\$ 618,090	\$ 620,028	\$ 692
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 641,643</u>	<u>\$ -</u>	<u>\$ 829,126</u>	<u>\$ 618,090</u>	<u>\$ 620,028</u>	<u>\$ 692</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	641,643	-	829,126	618,090	620,028	692
Total cash and investment fund balance - ending	<u>\$ 641,643</u>	<u>\$ -</u>	<u>\$ 829,126</u>	<u>\$ 618,090</u>	<u>\$ 620,028</u>	<u>\$ 692</u>

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Safe Haven 2008-2009	Gifted & Talented 2009-2010	Non-English Speaking 2009-2010	Title 1 09-8130	Title 1 10-8130	Title V Part A 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	15,000	66,873	17,935	-	-	-
Federal sources	-	-	-	-	824,899	2,802
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	15,000	66,873	17,935	-	824,899	2,802
Disbursements:						
Current:						
Instruction	-	66,873	17,881	187,917	577,799	-
Support services	15,000	-	-	93,941	77,142	5,379
Noninstructional services	-	-	-	-	9,059	225
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	15,000	66,873	17,881	281,858	664,000	5,604
Excess (deficiency) of receipts over disbursements	-	-	54	(281,858)	160,899	(2,802)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	127,611	-
Transfers out	-	-	-	(127,611)	-	-
Total other financing sources (uses)	-	-	-	(127,611)	127,611	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	54	(409,469)	288,510	(2,802)
Cash and investments - beginning	-	-	-	409,469	-	2,802
Cash and investments - ending	\$ -	\$ -	\$ 54	\$ -	\$ 288,510	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 54	\$ -	\$ 288,510	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 54	\$ -	\$ 288,510	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	54	-	288,510	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 54	\$ -	\$ 288,510	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Learn & Serve 2009-2010	Title IV Part A 2009-2010	21st Century Learning Center	Title II Part A 2008-2009	Title II Part A 2009-2010	Title III English Proficiency
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	25,000	27,475	10,000	-	312,425	18,330
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	25,000	27,475	10,000	-	312,425	18,330
Disbursements:						
Current:						
Instruction	2,885	-	-	69,549	210,264	18,330
Support services	11,364	23,619	-	2,549	-	-
Noninstructional services	-	-	-	9,702	11,456	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	14,249	23,619	-	81,800	221,720	18,330
Excess (deficiency) of receipts over disbursements	10,751	3,856	10,000	(81,800)	90,705	-
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	10,751	3,856	10,000	(81,800)	90,705	-
Cash and investments - beginning	-	-	-	81,800	-	-
Cash and investments - ending	\$ 10,751	\$ 3,856	\$ 10,000	\$ -	\$ 90,705	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 10,751	\$ 3,856	\$ 10,000	\$ -	\$ 90,705	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 10,751	\$ 3,856	\$ 10,000	\$ -	\$ 90,705	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	10,751	3,856	10,000	-	90,705	-
Total cash and investment fund balance - ending	\$ 10,751	\$ 3,856	\$ 10,000	\$ -	\$ 90,705	\$ -

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title I Grants to LEAs	Retirement Severance Bond	School Bus Replacement	Construction Technology	Construction	Totals
Receipts:						
Local sources	\$ 194	\$ 2,982,045	\$ 458,812	\$ 24,251	\$ 1,115	\$ 15,344,577
State sources	-	-	-	-	-	609,169
Federal sources	586,412	-	-	-	-	3,229,909
Interfund loans	-	104,000	-	424,000	-	2,171,000
Other	-	-	-	-	-	38,362
Total receipts	586,606	3,086,045	458,812	448,251	1,115	21,393,017
Disbursements:						
Current:						
Instruction	400,988	-	-	-	-	1,586,877
Support services	53,714	-	421,278	32,639	-	7,646,299
Noninstructional services	3,749	-	-	-	-	3,966,095
Facilities acquisition and construction	-	-	-	686,453	396,141	2,446,044
Debt services	-	1,924,751	-	-	-	1,924,751
Nonprogrammed charges	-	-	-	-	-	272,938
Interfund loans	-	928,000	-	-	-	4,182,000
Total disbursements	458,451	2,852,751	421,278	719,092	396,141	22,025,004
Excess (deficiency) of receipts over disbursements	128,155	233,294	37,534	(270,841)	(395,026)	(631,987)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	126,555
Transfers in	-	56,245	8,283	-	-	1,580,092
Transfers out	-	-	-	-	-	(369,357)
Total other financing sources (uses)	-	56,245	8,283	-	-	1,337,290
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	128,155	289,539	45,817	(270,841)	(395,026)	705,303
Cash and investments - beginning	-	422	4,282	300,442	625,805	3,136,747
Cash and investments - ending	\$ 128,155	\$ 289,961	\$ 50,099	\$ 29,601	\$ 230,779	\$ 3,842,050
Cash and Investment Assets - Ending						
Cash and investments	\$ 128,155	\$ -	\$ 50,099	\$ 29,601	\$ 230,779	\$ 3,552,089
Restricted assets:						
Cash and investments	-	289,961	-	-	-	289,961
Total cash and investment assets - ending	\$ 128,155	\$ 289,961	\$ 50,099	\$ 29,601	\$ 230,779	\$ 3,842,050
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ 289,961	\$ -	\$ -	\$ -	\$ 289,961
Unrestricted	128,155	-	50,099	29,601	230,779	3,552,089
Total cash and investment fund balance - ending	\$ 128,155	\$ 289,961	\$ 50,099	\$ 29,601	\$ 230,779	\$ 3,842,050

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2009

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Interfund loan	\$ 830,000	\$ 125,000	\$ 955,000
Investment earnings:			
Interest	850	454	1,304
Total additions	830,850	125,454	956,304
Deductions:			
Benefits	284,753	96,779	381,532
Excess of total additions over total deductions	546,097	28,675	574,772
Cash and investment fund balance - beginning	129,503	413,659	543,162
Cash and investment fund balance - ending	\$ 675,600	\$ 442,334	\$ 1,117,934
Net assets:			
Cash and investments	\$ 675,600	\$ 442,334	\$ 1,117,934
Total net assets - cash and investment basis held in trust	\$ 675,600	\$ 442,334	\$ 1,117,934

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2010

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Investment earnings:			
Interest	\$ 1,301	\$ 888	\$ 2,189
Deductions:			
Benefits	197,948	55,466	253,414
Deficiency of total additions over total deductions	(196,647)	(54,578)	(251,225)
Cash and investment fund balance - beginning	675,600	442,334	1,117,934
Cash and investment fund balance - ending	\$ 478,953	\$ 387,756	\$ 866,709
Net assets:			
Cash and investments	\$ 478,953	\$ 387,756	\$ 866,709
Total net assets - cash and investment basis held in trust	\$ 478,953	\$ 387,756	\$ 866,709

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	St Mary's ECA Gift	Tobacco Prevention 2006-2007	WCSC Educator's Scholarship	Toolbox for Education	Alcoa Foundation	BHS Electric Vehicle	Learning Exchange	WCSC Disaster Relief Donation	Totals
Additions:									
Contributions:									
Other	\$ 150,000	\$ -	\$ -	\$ -	\$ 23,559	\$ -	\$ 1,686	\$ -	\$ 175,245
Deductions:									
Administrative and general	150,000	560	-	5,000	20,100	2,031	2,540	-	180,231
Excess (deficiency) of total additions over total deductions	-	(560)	-	(5,000)	3,459	(2,031)	(854)	-	(4,986)
Cash and investment fund balance - beginning	-	560	1,150	5,000	44	2,031	1,282	5	10,072
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 3,503</u>	<u>\$ -</u>	<u>\$ 428</u>	<u>\$ 5</u>	<u>\$ 5,086</u>
Net assets:									
Cash and investments	\$ -	\$ -	\$ 1,150	\$ -	\$ 3,503	\$ -	\$ 428	\$ 5	\$ 5,086
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 3,503</u>	<u>\$ -</u>	<u>\$ 428</u>	<u>\$ 5</u>	<u>\$ 5,086</u>

WARRICK COUNTY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	WCSC Educator's Scholarship	Adult Computer Literacy Program	Pre-school Program	Alcoa Foundation	Alcoa Green Canopy	Learning Exchange	WCSC Disaster Relief Donation	Totals
Additions:								
Contributions:								
Other	\$ -	\$ 21,827	\$ 10,000	\$ -	\$ 16,895	\$ 1,023	\$ -	\$ 49,745
Deductions:								
Administrative and general	-	16,031	5,717	452	15,668	1,176	-	39,044
Excess (deficiency) of total additions over total deductions	-	5,796	4,283	(452)	1,227	(153)	-	10,701
Cash and investment fund balance - beginning	1,150	-	-	3,503	-	428	5	5,086
Cash and investments - June 30	<u>\$ 1,150</u>	<u>\$ 5,796</u>	<u>\$ 4,283</u>	<u>\$ 3,051</u>	<u>\$ 1,227</u>	<u>\$ 275</u>	<u>\$ 5</u>	<u>\$ 15,787</u>
Net assets:								
Cash and investments	\$ 1,150	\$ 5,796	\$ 4,283	\$ 3,051	\$ 1,227	\$ 275	\$ 5	\$ 15,787
Total net assets - cash and investment basis held in trust	<u>\$ 1,150</u>	<u>\$ 5,796</u>	<u>\$ 4,283</u>	<u>\$ 3,051</u>	<u>\$ 1,227</u>	<u>\$ 275</u>	<u>\$ 5</u>	<u>\$ 15,787</u>

WARRICK COUNTY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended June 30, 2010

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 813,564
Buildings	177,762,471
Machinery and equipment	<u>11,710,641</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 190,286,676</u>

WARRICK COUNTY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended June 30, 2010

The School Corporation has entered into the following capital leases and bonds payable:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Boonville Junior High School	\$ 497,762	\$ 951,000
Boonville High School and Castle Junior High School	14,525,000	1,929,000
Castle South Middle School 2007	16,935,000	480,881
Castle South Middle School 2008	10,000,000	187,740
Bonds payable:		
General obligation bonds:		
Retirement/Severance	<u>7,550,000</u>	<u>959,677</u>
Total governmental activities debt	<u>\$ 49,507,762</u>	<u>\$ 4,508,298</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE WARRICK COUNTY SCHOOL
CORPORATION, WARRICK COUNTY, INDIANA

Compliance

We have audited the compliance of the Warrick County School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 1, 2011

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY 08/09	\$ 223,973	\$ -
		FY 09/10	-	277,086
Total for program			<u>223,973</u>	<u>277,086</u>
National School Lunch Program				
	10.555			
		FY 08/09	1,175,949	-
		FY 09/10	-	1,360,459
Total for program			<u>1,175,949</u>	<u>1,360,459</u>
Summer Food Service Program for Children				
	10.559			
		FY 09/10	-	31,472
Total for federal grantor agency			<u>1,399,922</u>	<u>1,669,017</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		08-8130	181,055	-
		09-8130	562,347	281,858
		10-8130	-	663,999
Total for program			<u>743,402</u>	<u>945,857</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
	84.389			
		8130	-	458,451
Total for cluster			<u>743,402</u>	<u>1,404,308</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394			
		8130	-	5,229,626
		8130	-	1,291,873
Total for cluster			<u>-</u>	<u>6,521,499</u>
Pass-Through Metropolitan School District of Mount Vernon				
Safe and Drug-Free Schools and Communities - National Programs				
	84.184			
		Q184L080320	32,270	134,806

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

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
FY 07/08		07-8130	74	-
FY 08/09		08-8130	22,756	-
FY 09/10		09-8130	-	23,619
Total for program			<u>22,830</u>	<u>23,619</u>
State Grants for Innovative Programs	84.298			
		07-8130	7,432	5,604
English Language Acquisition Grants	84.365			
FY 08/09		09-8130	18,600	-
FY 09/10		10-8130	-	18,330
Total for program			<u>18,600</u>	<u>18,330</u>
Improving Teacher Quality State Grants	84.367			
		07-8130	46,727	-
		08-8130	216,625	81,800
		09-8130	-	221,720
Total for program			<u>263,352</u>	<u>303,520</u>
Total for federal grantor agency			<u>1,087,886</u>	<u>8,411,686</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Programs	94.004			
		FY 08/09	5,000	-
		FY 09/10	-	14,249
Total for federal grantor agency			<u>5,000</u>	<u>14,249</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			
Wind Storm		DR # 1795	32,423	-
Ice Storm		DR # 1828	14,215	-
Total for federal grantor agency			<u>46,638</u>	-
Total federal awards expended			<u>\$ 2,539,446</u>	<u>\$ 10,094,952</u>

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

WARRICK COUNTY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Warrick County School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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 the Indiana Code (IC 5-11-1 et seq.), audits of Schools shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
Child Nutrition Cluster	10.555	\$ 198,127	\$ 214,979

WARRICK COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.367	Child Nutrition Cluster Title I, Part A Cluster State Fiscal Stabilization Fund Cluster Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WARRICK COUNTY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WARRICK COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2011, with Sarah Evans, Treasurer; Brad Schneider, Superintendent of Schools; and Todd Armstrong, Assistant Superintendent of Schools. Our audit disclosed no material items that warrant comment at this time.

Separate telephone exit conferences were held with Gary Hachmeister, President of the School Board, and Board members: Dorothy Kroeger, Candance Nance, Tom Welch, Brenda Metzger, Jim Eifler and Ben Stilwell.