

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

FINANCIAL STATEMENTS AND
FEDERAL SINGLE AUDIT REPORT
OF

UNION COUNTY-COLLEGE CORNER
JOINT SCHOOL DISTRICT
UNION COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/28/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Marsha Maze Jennifer Gronning	07-01-10 to 08-08-10 08-09-10 to 06-30-13
Superintendent of Schools	Zach Rozelle	07-01-10 to 06-30-13
President of the School Board	Michael Murray	07-01-10 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE UNION COUNTY-COLLEGE CORNER
JOINT SCHOOL DISTRICT, UNION COUNTY, INDIANA

We have audited the accompanying financial statement of the Union County-College Corner Joint School District (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. 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 includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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, 2010 to June 30, 2012.

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, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 24, 2013, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

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 reports 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.

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 Long-Term 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.

STATE BOARD OF ACCOUNTS

January 24, 2013



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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 UNION COUNTY-COLLEGE CORNER
JOINT SCHOOL DISTRICT, UNION COUNTY, INDIANA

We have audited the financial statement of the Union County-College Corner Joint School District (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 24, 2013. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 items 2012-1 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

January 24, 2013

FINANCIAL STATEMENT

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.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 2012

	Cash and Investments 07-01-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ 1,676,412	\$ 10,476,043	\$ 10,055,386	\$ -	\$ 2,097,069	\$ 10,118,435	\$ 9,940,830	\$ -	\$ 2,274,674	
Debt Service	1,009,574	2,091,372	1,968,429	(100,000)	1,032,517	2,122,299	1,986,478	-	1,168,338	
Retirement/Severance Bond Debt Service	97,934	100,571	129,978	-	68,527	134,653	132,218	-	70,962	
Capital Projects	880,090	1,628,217	1,422,589	-	1,085,718	1,674,299	1,726,892	-	1,033,125	
School Transportation	290,621	775,991	794,301	-	272,311	804,586	700,894	-	376,003	
School Bus Replacement	136,436	213,781	180,148	-	170,069	114,939	162,486	-	122,522	
Rainy Day	581,212	-	-	100,000	681,212	-	-	-	681,212	
School Lunch	111,478	814,825	803,770	-	122,533	816,616	805,394	-	133,755	
Textbook Rental	33,672	81,102	7,357	-	107,417	117,769	309,598	-	(84,412)	
Levy Excess	1,764	-	-	-	1,764	-	-	-	1,764	
Special Education Cooperative	23,251	774,043	854,478	-	(57,184)	1,262,366	1,136,832	-	68,350	
Joint Supply and Services Special Education	116,262	570	89,124	(1,202)	26,506	334,952	266,230	-	95,228	
Educational License Plates	10,725	450	-	-	11,175	413	-	-	11,588	
Donations	1,864	-	-	-	1,864	-	380	-	1,484	
UC Foundation Fitness Center	1,200	-	1,200	-	-	-	-	-	-	
One Community	-	16,010	-	-	16,010	-	15,652	-	358	
Life Skills Grant	-	600	-	-	600	-	600	-	-	
Global Grants	-	-	-	-	-	-	1,000	-	(1,000)	
Guidance Counsel Grants	-	-	-	-	-	200	200	-	-	
College Corner Library	-	-	-	-	-	3,049	-	-	3,049	
UC Foundation Archery Grant	-	-	-	-	-	2,000	2,000	-	-	
Franklin County Foundation Grants	29	-	29	-	-	10,222	10,222	-	-	
ECISS Tech Grant	-	-	-	-	-	3,250	3,250	-	-	
Union County Foundation	45	-	45	-	-	-	-	-	-	
CC Physical Ed Grant	-	-	-	-	-	565	210	-	355	
Kinder Camp	-	-	-	-	-	600	448	-	152	
Robotics Grant JC Penny	-	-	-	-	-	6,500	6,500	-	-	
UC Foundation College Corner	501	1,000	1,000	-	501	1,000	1,501	-	-	
UC Foundation - Speech Therapy	-	500	500	-	-	-	-	-	-	
UC Foundation Middle School	-	904	729	-	175	300	412	-	63	
REMC Grant LES - PE	-	-	-	-	-	750	750	-	-	
Fitness Center	55	50	53	-	52	-	52	-	-	
Gifted and Talented	-	31,539	31,439	-	100	30,395	27,157	-	3,338	
Medicaid Reimbursement	7,321	-	-	-	7,321	-	-	-	7,321	

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

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
School Technology	130	18,746	8,799	-	10,077	12,360	21,367	-	1,070
Technology Grants [IC 20-40-15]	2,235	-	289	-	1,946	-	1,389	-	557
Ohio Title I	2,500	-	9,217	-	(6,717)	27,432	12,745	-	7,970
Mentorship Program	432	-	-	-	432	-	300	-	132
Insurance Cons Grant	-	92,656	92,656	-	-	-	-	-	-
Wellness Program	8,935	22,400	22,921	-	8,414	20,951	22,437	-	6,928
Title I FY 09-10	267	14,800	15,067	-	-	-	-	-	-
Title I FY 10-11	-	187,890	225,689	-	(37,799)	241,588	233,545	-	(29,756)
IDEA Part B FY 09-10	6,201	586,915	603,760	-	(10,644)	67,670	50,061	-	6,965
IDEA Part B Preschool FY 09-10	1,676	-	1,754	-	(78)	78	-	-	-
IDEA Part B Carryover FY 09-10	45,107	-	45,107	-	-	-	-	-	-
IDEA Part B FY 10-11	-	767,521	795,382	-	(27,861)	742,161	737,395	-	(23,095)
IDEA Preschool FY 10-11	-	-	-	-	-	50,327	49,875	-	452
IDEA Part B FY 11-12	-	-	-	-	-	651,663	672,516	-	(20,853)
IDEA Preschool FY 11-12	-	-	-	-	-	5,575	11,388	-	(5,813)
IDEA Technology UCCCJSD	-	-	-	-	-	70,000	70,000	-	-
IDEA Technology Franklin County	-	-	-	-	-	70,000	70,000	-	-
IDEA Technology Western Wayne	-	-	-	-	-	70,000	70,000	-	-
IDEA Part B Carryover FY 08-09	(1,202)	-	-	1,202	-	-	-	-	-
Drug Free Schools	916	-	831	-	85	-	85	-	-
Title V	-	-	-	-	-	815	815	-	-
Medicaid Reimbursement Federal	73,528	5,114	1,627	-	77,015	436	-	-	77,451
Improving Teaching Quality No Child Left Title II, Part A	35,561	15,101	44,772	-	5,890	38,412	55,706	-	(11,404)
ITQ Enhanced Education Through Technology, Title II, Part D	7,857	-	7,857	-	-	-	-	-	-
Title III Language Instruction	1,662	-	1,662	-	-	-	-	-	-
Title I Grants to LEAs	29,929	-	29,929	-	-	-	396	-	(396)
Special Education Part B	29,474	274,576	328,799	-	(24,749)	264,274	239,525	-	-
Special Education Part B Preschool	147	22,301	20,061	-	2,387	13,147	15,534	-	-
Education Jobs	-	-	-	-	-	312,391	312,391	-	-
Payroll Withholdings	69,479	2,827,693	2,819,468	-	77,704	2,740,111	2,794,371	-	23,444
Totals	<u>\$ 5,295,280</u>	<u>\$ 21,843,281</u>	<u>\$ 21,416,202</u>	<u>\$ -</u>	<u>\$ 5,722,359</u>	<u>\$ 22,959,549</u>	<u>\$ 22,680,027</u>	<u>\$ -</u>	<u>\$ 6,001,881</u>

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

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
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 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. Receipts are recorded when received and disbursements are recorded when paid.

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 may 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.

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.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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 may 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, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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 may include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

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.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, 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 statements. 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 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 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
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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
1 North Capital Street, 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, 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.

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

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 1,676,412	\$ 1,009,574	\$ 97,934	\$ 880,090	\$ 290,621	\$ 136,436	\$ 581,212	\$ 111,478	\$ 33,672	\$ 1,764
Receipts:										
Local sources	1,242,882	2,068,680	100,571	1,615,075	757,606	213,781	-	421,367	51,427	-
Intermediate sources	1,092	-	-	-	-	-	-	-	-	-
State sources	9,203,710	22,692	-	-	-	-	-	42,958	29,675	-
Federal sources	-	-	-	-	-	-	-	350,471	-	-
Other	28,359	-	-	13,142	18,385	-	-	29	-	-
Total receipts	<u>10,476,043</u>	<u>2,091,372</u>	<u>100,571</u>	<u>1,628,217</u>	<u>775,991</u>	<u>213,781</u>	<u>-</u>	<u>814,825</u>	<u>81,102</u>	<u>-</u>
Disbursements:										
Current:										
Instruction	6,616,255	-	-	-	-	-	-	-	-	-
Support services	3,329,010	-	-	819,827	794,301	180,148	-	98	7,357	-
Noninstructional services	110,121	-	-	-	-	-	-	803,672	-	-
Facilities acquisition and construction	-	-	-	602,762	-	-	-	-	-	-
Debt services	-	1,968,429	129,978	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>10,055,386</u>	<u>1,968,429</u>	<u>129,978</u>	<u>1,422,589</u>	<u>794,301</u>	<u>180,148</u>	<u>-</u>	<u>803,770</u>	<u>7,357</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>420,657</u>	<u>122,943</u>	<u>(29,407)</u>	<u>205,628</u>	<u>(18,310)</u>	<u>33,633</u>	<u>-</u>	<u>11,055</u>	<u>73,745</u>	<u>-</u>
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	100,000	-	-	-
Transfers out	-	(100,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>420,657</u>	<u>22,943</u>	<u>(29,407)</u>	<u>205,628</u>	<u>(18,310)</u>	<u>33,633</u>	<u>100,000</u>	<u>11,055</u>	<u>73,745</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,097,069</u>	<u>\$ 1,032,517</u>	<u>\$ 68,527</u>	<u>\$ 1,085,718</u>	<u>\$ 272,311</u>	<u>\$ 170,069</u>	<u>\$ 681,212</u>	<u>\$ 122,533</u>	<u>\$ 107,417</u>	<u>\$ 1,764</u>

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Special Education Cooperative	Joint Supply and Services Special Education	Educational License Plates	Donations	UC Foundation Fitness Center	One Community	Life Skills Grant	Franklin County Foundation Grants	Union County Foundation	UC Foundation College Corner
Cash and investments - beginning	\$ 23,251	\$ 116,262	\$ 10,725	\$ 1,864	\$ 1,200	\$ -	\$ -	\$ 29	\$ 45	\$ 501
Receipts:										
Local sources	774,043	483	-	-	-	16,010	600	-	-	1,000
Intermediate sources	-	-	450	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	87	-	-	-	-	-	-	-	-
Total receipts	774,043	570	450	-	-	16,010	600	-	-	1,000
Disbursements:										
Current:										
Instruction	707,232	-	-	-	-	-	-	29	45	1,000
Support services	147,246	89,124	-	-	1,200	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	854,478	89,124	-	-	1,200	-	-	29	45	1,000
Excess (deficiency) of receipts over disbursements	(80,435)	(88,554)	450	-	(1,200)	16,010	600	(29)	(45)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(1,202)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(1,202)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(80,435)	(89,756)	450	-	(1,200)	16,010	600	(29)	(45)	-
Cash and investments - ending	\$ (57,184)	\$ 26,506	\$ 11,175	\$ 1,864	\$ -	\$ 16,010	\$ 600	\$ -	\$ -	\$ 501

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	UC Foundation Speech Therapy	UC Foundation Middle School	Fitness Center	Gifted and Talented	Medicaid Reimbursement	School Technology	Technology Grants [IC 20-40-15]	Ohio Title I	Mentorship Program	Insurance Cons Grant
Cash and investments - beginning	\$ -	\$ -	\$ 55	\$ -	\$ 7,321	\$ 130	\$ 2,235	\$ 2,500	\$ 432	\$ -
Receipts:										
Local sources	500	904	50	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	31,539	-	18,746	-	-	-	92,656
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	500	904	50	31,539	-	18,746	-	-	-	92,656
Disbursements:										
Current:										
Instruction	500	729	-	28,501	-	-	-	9,217	-	-
Support services	-	-	53	2,938	-	8,799	289	-	-	92,656
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	500	729	53	31,439	-	8,799	289	9,217	-	92,656
Excess (deficiency) of receipts over disbursements	-	175	(3)	100	-	9,947	(289)	(9,217)	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	175	(3)	100	-	9,947	(289)	(9,217)	-	-
Cash and investments - ending	\$ -	\$ 175	\$ 52	\$ 100	\$ 7,321	\$ 10,077	\$ 1,946	\$ (6,717)	\$ 432	\$ -

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Wellness Program	Title I FY 09-10	Title I FY 10-11	IDEA Part B FY 09-10	IDEA Part B Preschool FY 09-10	IDEA Part B Carryover FY 09-10	IDEA Part B FY 10-11	IDEA Part B Carryover FY 08-09	Drug Free Schools
Cash and investments - beginning	\$ 8,935	\$ 267	\$ -	\$ 6,201	\$ 1,676	\$ 45,107	\$ -	\$ (1,202)	\$ 916
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	14,800	187,890	586,915	-	-	767,521	-	-
Other	22,400	-	-	-	-	-	-	-	-
Total receipts	22,400	14,800	187,890	586,915	-	-	767,521	-	-
Disbursements:									
Current:									
Instruction	-	15,067	225,689	159,518	-	-	522,324	-	831
Support services	22,921	-	-	444,242	1,754	45,107	273,058	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	22,921	15,067	225,689	603,760	1,754	45,107	795,382	-	831
Excess (deficiency) of receipts over disbursements	(521)	(267)	(37,799)	(16,845)	(1,754)	(45,107)	(27,861)	-	(831)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	1,202	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	1,202	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(521)	(267)	(37,799)	(16,845)	(1,754)	(45,107)	(27,861)	1,202	(831)
Cash and investments - ending	\$ 8,414	\$ -	\$ (37,799)	\$ (10,644)	\$ (78)	\$ -	\$ (27,861)	\$ -	\$ 85

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Title III Language Instruction	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 73,528	\$ 35,561	\$ 7,857	\$ 1,662	\$ 29,929	\$ 29,474	\$ 147	\$ 69,479	\$ 5,295,280
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,264,979
Intermediate sources	-	-	-	-	-	-	-	-	1,542
State sources	-	-	-	-	-	-	-	-	9,441,976
Federal sources	5,114	15,050	-	-	-	274,576	22,301	-	2,224,638
Other	-	51	-	-	-	-	-	2,827,693	2,910,146
Total receipts	5,114	15,101	-	-	-	274,576	22,301	2,827,693	21,843,281
Disbursements:									
Current:									
Instruction	-	27,165	2,985	1,662	29,929	275,195	20,061	-	8,643,934
Support services	1,627	17,607	4,872	-	-	53,604	-	-	6,337,838
Noninstructional services	-	-	-	-	-	-	-	-	913,793
Facilities acquisition and construction	-	-	-	-	-	-	-	-	602,762
Debt services	-	-	-	-	-	-	-	-	2,098,407
Nonprogrammed charges	-	-	-	-	-	-	-	2,819,468	2,819,468
Total disbursements	1,627	44,772	7,857	1,662	29,929	328,799	20,061	2,819,468	21,416,202
Excess (deficiency) of receipts over disbursements	3,487	(29,671)	(7,857)	(1,662)	(29,929)	(54,223)	2,240	8,225	427,079
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	101,202
Transfers out	-	-	-	-	-	-	-	-	(101,202)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,487	(29,671)	(7,857)	(1,662)	(29,929)	(54,223)	2,240	8,225	427,079
Cash and investments - ending	\$ 77,015	\$ 5,890	\$ -	\$ -	\$ -	\$ (24,749)	\$ 2,387	\$ 77,704	\$ 5,722,359

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 2,097,069	\$ 1,032,517	\$ 68,527	\$ 1,085,718	\$ 272,311	\$ 170,069	\$ 681,212	\$ 122,533
Receipts:								
Local sources	1,316,835	2,122,299	134,653	1,572,213	788,910	114,939	-	413,742
Intermediate sources	1,091	-	-	-	-	-	-	-
State sources	8,739,053	-	-	-	-	-	-	30,937
Federal sources	-	-	-	-	-	-	-	369,437
Other	61,456	-	-	102,086	15,676	-	-	2,500
Total receipts	<u>10,118,435</u>	<u>2,122,299</u>	<u>134,653</u>	<u>1,674,299</u>	<u>804,586</u>	<u>114,939</u>	<u>-</u>	<u>816,616</u>
Disbursements:								
Current:								
Instruction	6,528,428	-	-	-	-	-	-	-
Support services	3,259,208	-	-	895,039	700,894	162,486	-	243
Noninstructional services	153,194	-	-	-	-	-	-	805,151
Facilities acquisition and construction	-	-	-	831,853	-	-	-	-
Debt services	-	1,986,478	132,218	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>9,940,830</u>	<u>1,986,478</u>	<u>132,218</u>	<u>1,726,892</u>	<u>700,894</u>	<u>162,486</u>	<u>-</u>	<u>805,394</u>
Excess (deficiency) of receipts over disbursements	<u>177,605</u>	<u>135,821</u>	<u>2,435</u>	<u>(52,593)</u>	<u>103,692</u>	<u>(47,547)</u>	<u>-</u>	<u>11,222</u>
Cash and investments - ending	<u>\$ 2,274,674</u>	<u>\$ 1,168,338</u>	<u>\$ 70,962</u>	<u>\$ 1,033,125</u>	<u>\$ 376,003</u>	<u>\$ 122,522</u>	<u>\$ 681,212</u>	<u>\$ 133,755</u>

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Textbook Rental	Levy Excess	Special Education Cooperative	Joint Supply and Services Special Education	Educational License Plates	Donations	One Community	Life Skills Grant
Cash and investments - beginning	\$ 107,417	\$ 1,764	\$ (57,184)	\$ 26,506	\$ 11,175	\$ 1,864	\$ 16,010	\$ 600
Receipts:								
Local sources	56,799	-	1,262,366	334,552	-	-	-	-
Intermediate sources	-	-	-	-	413	-	-	-
State sources	55,448	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	5,522	-	-	400	-	-	-	-
Total receipts	117,769	-	1,262,366	334,952	413	-	-	-
Disbursements:								
Current:								
Instruction	-	-	894,037	180,842	-	380	-	600
Support services	309,598	-	242,795	85,311	-	-	15,652	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	77	-	-	-	-
Total disbursements	309,598	-	1,136,832	266,230	-	380	15,652	600
Excess (deficiency) of receipts over disbursements	(191,829)	-	125,534	68,722	413	(380)	(15,652)	(600)
Cash and investments - ending	\$ (84,412)	\$ 1,764	\$ 68,350	\$ 95,228	\$ 11,588	\$ 1,484	\$ 358	\$ -

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Global Grants	Guidance Counsel Grants	College Corner Library	UC Foundation Archery Grant	Franklin County Foundation Grants	ECISS Tech Grant	CC Physical Ed Grant	Kinder Camp
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	200	-	2,000	10,222	3,250	565	600
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	3,049	-	-	-	-	-
Total receipts	<u>-</u>	<u>200</u>	<u>3,049</u>	<u>2,000</u>	<u>10,222</u>	<u>3,250</u>	<u>565</u>	<u>600</u>
Disbursements:								
Current:								
Instruction	-	-	-	2,000	-	-	210	448
Support services	-	200	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	1,000	-	-	-	10,222	3,250	-	-
Total disbursements	<u>1,000</u>	<u>200</u>	<u>-</u>	<u>2,000</u>	<u>10,222</u>	<u>3,250</u>	<u>210</u>	<u>448</u>
Excess (deficiency) of receipts over disbursements	<u>(1,000)</u>	<u>-</u>	<u>3,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>152</u>
Cash and investments - ending	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ 3,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355</u>	<u>\$ 152</u>

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Robotics Grant JC Penny	UC Foundation College Corner	UC Foundation Middle School	REMC Grant LES - PE	Fitness Center	Gifted and Talented	Medicaid Reimbursement	School Technology
Cash and investments - beginning	\$ -	\$ 501	\$ 175	\$ -	\$ 52	\$ 100	\$ 7,321	\$ 10,077
Receipts:								
Local sources	6,500	1,000	300	750	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	30,395	-	12,360
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>6,500</u>	<u>1,000</u>	<u>300</u>	<u>750</u>	<u>-</u>	<u>30,395</u>	<u>-</u>	<u>12,360</u>
Disbursements:								
Current:								
Instruction	6,500	1,501	412	750	-	23,653	-	-
Support services	-	-	-	-	52	3,304	-	21,367
Noninstructional services	-	-	-	-	-	200	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>6,500</u>	<u>1,501</u>	<u>412</u>	<u>750</u>	<u>52</u>	<u>27,157</u>	<u>-</u>	<u>21,367</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(501)</u>	<u>(112)</u>	<u>-</u>	<u>(52)</u>	<u>3,238</u>	<u>-</u>	<u>(9,007)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,338</u>	<u>\$ 7,321</u>	<u>\$ 1,070</u>

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Technology Grants [IC 20-40-15]	Ohio Title I	Mentorship Program	Wellness Program	Title I FY 10-11	IDEA Part B FY 09-10	IDEA Part B Preschool FY 09-10	IDEA Part B FY 10-11
Cash and investments - beginning	\$ 1,946	\$ (6,717)	\$ 432	\$ 8,414	\$ (37,799)	\$ (10,644)	\$ (78)	\$ (27,861)
Receipts:								
Local sources	-	-	-	-	-	-	78	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	241,588	67,670	-	742,161
Other	-	27,432	-	20,951	-	-	-	-
Total receipts	-	27,432	-	20,951	241,588	67,670	78	742,161
Disbursements:								
Current:								
Instruction	-	12,745	300	53	233,545	6,788	-	199,755
Support services	1,389	-	-	22,384	-	43,273	-	537,640
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,389	12,745	300	22,437	233,545	50,061	-	737,395
Excess (deficiency) of receipts over disbursements	(1,389)	14,687	(300)	(1,486)	8,043	17,609	78	4,766
Cash and investments - ending	\$ 557	\$ 7,970	\$ 132	\$ 6,928	\$ (29,756)	\$ 6,965	\$ (0)	\$ (23,095)

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	IDEA Preschool FY 10-11	IDEA Part B FY 11-12	IDEA Preschool FY 11-12	IDEA Technology UCCCJSD	IDEA Technology Franklin County	IDEA Technology Western Wayne	Drug Free Schools	Title V
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	50,327	651,663	5,575	70,000	70,000	70,000	-	815
Other	-	-	-	-	-	-	-	-
Total receipts	<u>50,327</u>	<u>651,663</u>	<u>5,575</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>815</u>
Disbursements:								
Current:								
Instruction	-	600,711	-	-	-	-	85	815
Support services	49,875	71,805	11,388	70,000	70,000	70,000	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>49,875</u>	<u>672,516</u>	<u>11,388</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>85</u>	<u>815</u>
Excess (deficiency) of receipts over disbursements	<u>452</u>	<u>(20,853)</u>	<u>(5,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 452</u>	<u>\$ (20,853)</u>	<u>\$ (5,813)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 77,015	\$ 5,890	\$ -	\$ (24,749)	\$ 2,387	\$ -	\$ 77,704	\$ 5,722,359
Receipts:								
Local sources	-	-	-	-	-	-	-	8,142,773
Intermediate sources	-	-	-	-	-	-	-	1,504
State sources	-	-	-	-	-	-	-	8,868,193
Federal sources	436	37,827	-	264,274	13,147	312,391	-	2,967,311
Other	-	585	-	-	-	-	2,740,111	2,979,768
Total receipts	436	38,412	-	264,274	13,147	312,391	2,740,111	22,959,549
Disbursements:								
Current:								
Instruction	-	46,739	396	224,520	15,534	312,391	-	9,294,138
Support services	-	8,967	-	15,005	-	-	-	6,667,875
Noninstructional services	-	-	-	-	-	-	-	958,545
Facilities acquisition and construction	-	-	-	-	-	-	-	831,853
Debt services	-	-	-	-	-	-	-	2,118,696
Nonprogrammed charges	-	-	-	-	-	-	2,794,371	2,808,920
Total disbursements	-	55,706	396	239,525	15,534	312,391	2,794,371	22,680,027
Excess (deficiency) of receipts over disbursements	436	(17,294)	(396)	24,749	(2,387)	-	(54,260)	279,522
Cash and investments - ending	\$ 77,451	\$ (11,404)	\$ (396)	\$ -	\$ -	\$ -	\$ 23,444	\$ 6,001,881

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2012

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
1999 Liberty Elementary/Union High School	\$ 3,475,000	\$ 459,583
2008 Middle School	3,758,894	959,000
2011 Liberty/College Corner Elementaries, and Union High School Refunding	4,105,000	598,500
Bonds payable:		
General obligation bonds:		
Pension Bond	1,180,000	134,005
2011 Qualified School Construction Bond	<u>1,480,000</u>	<u>-</u>
Total governmental activities debt	<u>\$ 13,998,894</u>	<u>\$ 2,151,088</u>

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2012

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

	Ending Balance
Capital assets, not being depreciated:	
Land	\$ 169,085
Buildings	23,707,781
Machinery and equipment	1,254,750
Books and other	5,098,926
 Total capital assets	 \$ 30,230,542

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS

ANNUAL FISCAL FINANCIAL REPORT

The Annual Fiscal Financial Report (Form 9) submitted to the Indiana Department of Education and presented for audit for the fiscal year July 1, 2011 to June 30, 2012 was incomplete and materially incorrect. The financial report contained the following errors:

1. The receipts were understated by \$747,955 and the disbursements were understated by \$816,377.
2. Five funds, with receipts and disbursements totaling \$535,863, had to be added to the financial reports and an additional nine funds had to be adjusted.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN FUND BALANCE

The fund balance of the Textbook Rental Fund was overdrawn by \$84,412 on June 30, 2012.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the school corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the school's audited financial statements and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

3. Monitoring of Controls: Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the school's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the school corporation has no process to identify or communicate corrective actions to improve controls.

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)

COLLECTIVE BARGAINING CONTRACTS

The collective bargaining agreement presented for audit contained the following items prohibited by Indiana Code 20-29-6-4.5:

1. Teaching/working conditions in the form of preparation time.
2. Management rights.
3. Teacher rights.
4. Exclusive representative rights.
5. Language providing for or requiring binding arbitration.
6. Paycheck deductions.
7. Reimbursements that are not part of compensation; and
8. A savers clause.

Indiana Code 20-29-6-4 states:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric, or tool."

Indiana Code 20-29-6-4.5 states:

"(a) For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following:

- (1) The school calendar.
- (2) Teacher dismissal procedures and criteria.
- (3) Restructuring options available to a school employer under federal or state statutes, regulations, or rules because of the failure of the school corporation or a school to meet federal or state accountability standards.
- (4) The ability of a school employer to contract, partner, or operate jointly with an educational entity that provides postsecondary credits to students of the school employer or dual credits from the school employer and the educational entity.
- (5) Any subject not expressly listed in section 4 of this chapter.

(b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

SBOA will review school corporations' collective bargaining agreements during the audit process to determine whether the agreements contained prohibited subjects of bargaining. . . . Financial losses related to a corporation's inclusion of prohibited subjects may be the personal obligation of the responsible school official or employee. (The School Administrator and Uniform Compliance Guidelines, Volume 198, June 2012)

GUARANTEED ENERGY SAVINGS CONTRACTS

The Union County-College Corner Joint School District entered into two separate guaranteed energy savings contracts with Honeywell, Inc. The first contract was entered into on December 11, 1995. This contract was for five years. The total amount of the contract was \$134,200. The total amount of guaranteed energy savings was \$67,100. The total amount of guaranteed operational savings was \$67,100. The second contract was entered into on August 30, 1999. This contract was for a ten year period. The total amount of the contract was \$336,529. The total amount of guaranteed energy savings was \$224,590. The total amount of guaranteed operational savings was \$244,250. During the timeframe covering October 2000 and January 2002, the contracts were combined. Because of the combined contracts, there was an overlap in the contracts and there was no way to distinguish the Energy Conservation Measure (ECM) of each contract since all ECM's were combined as well. The contracts provide operational cost savings projections and included capital expenditures as "agreed upon Operational Cost Savings." The "agreed upon" savings were "deemed

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

realized upon execution" of the contract. No information was presented for audit to document the operational savings for either contract. Final payments for the Honeywell contracts were made during the 2010-2011 school year.

The contracts state in part, "Operational Savings are mutually agreed by the Customer and Honeywell and are deemed satisfied upon contract execution."

The projects include, per the contract, Lighting Retrofit, Boiler Replacement, Water Conservation Measures, Steam Taps, and Windows.

Indiana Code 36-1-12-1(e) states in part: "As an alternative to this chapter, the governing body . . . may . . . enter into a guaranteed energy savings contract as permitted under IC 36-1-12.5."

Indiana Code 36-1-12.5-1(a) states in part:

"As used in this chapter, conservation measure':

(1) means:

(A) a facility alteration;

(B) an alteration of a structure (as defined in IC 36-1-10-2);

(C) a technology upgrade; or

(D) with respect to an installation described in subdivision (2)(G) or (2)(H), an alteration of a structure or system; designed to . . . reduce energy . . . or other operating costs . . ."

Indiana Code 36-1-12.5-5(a) states in part:

"The governing body may enter into . . . a guaranteed savings contract with a qualified provider to . . . reduce the school corporation's . . . energy . . . or operating costs if, after review of the report described in section 6 of this chapter, the governing body finds:

(1) in the case of conservation measures . . . that the amount the governing body would spend on the conservation measures under the contract and that are recommended in the report is not likely to exceed the amount to be saved in energy consumption costs and other operating costs over twenty (20) years from the date of installation if the recommendations in the report were followed; . . .

(3) in the case of a guaranteed savings contract, the qualified provider provides a written guarantee as described in subsection (d)(3)."

Indiana Code 36-1-12.5-3.7 states: "As used in this chapter, 'stipulated savings' are assumed savings that are documented by industry engineering standards."

Indiana Code 36-1-12.5-11 states in part:

"(a) A guaranteed savings contract that includes stipulated savings must specify the methodology used to calculate the savings using industry engineering standards.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

- (b) Stipulated savings may be used for energy conservation measures including . . .
 - (11) Any work that is causally connected to the conservation measures listed in subdivisions (1) through (10).
- (c) The guaranteed savings contract shall:
 - (1) describe stipulated savings for:
 - (A) conservation measures; and
 - (B) work causally connected to the conservation measures; and
 - (2) document assumptions by industry engineering standards."

The Union County-College Corner Joint School District Officials conveyed that the items shown as "agreed upon" or "stipulated savings" have been predetermined. Furthermore, the Union County/College Corner Joint School District Officials do not have available for audit, and conveyed they do not plan in the future to have available, any additional information to document actual operating savings. Accordingly, with due regards for the remaining contract time for which information may be presented to document actual operating and energy savings (effective March 21, 2002, "stipulated savings" documented by "industry engineering standards"), the Union County-College Corner Joint School District should request reimbursement from Honeywell, Inc., for costs which did not result in an actual reduction of energy consumption costs or other operating costs (or effective March 21, 2002, stipulated savings which were not supported by "industry engineering standards") at the end of the contract term in accordance with Indiana Code 36-1-12.5-5(d)(2)(B).

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Page 9-4)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE UNION COUNTY-COLLEGE CORNER
JOINT SCHOOL DISTRICT, UNION COUNTY, INDIANA

Compliance

We have audited the Union County-College Corner Joint School District'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, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 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.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

January 24, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 10-11	\$ 86,714	\$ 95,973
National School Lunch Program	10.555	FY 11-12	<u>341,244</u>	<u>343,739</u>
Total for federal grantor agency			<u>427,958</u>	<u>439,712</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	FY 10-11	240,756	-
		FY 11-12	<u>-</u>	<u>233,545</u>
Total for program			<u>240,756</u>	<u>233,545</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY 10-11	<u>29,929</u>	<u>396</u>
Total for cluster			<u>270,685</u>	<u>233,941</u>
Special Education Cluster				
Special Education - Grants to States	84.027	14209-013-PY02	45,107	-
		14210-013-PN01	603,760	50,060
		14211-013-PN01	795,383	807,396
		14212-013-PN01	-	672,516
Pass-Through Franklin County Community School Corporation				
Special Education - Grants to States	84.027	14211-013-PN01	-	70,000
Pass-Through Northeastern Wayne County School Corporation				
Special Education - Grants to States	84.027	14211-013-PN01	<u>-</u>	<u>70,000</u>
Total for program			<u>1,444,250</u>	<u>1,669,972</u>
Pass-Through Indiana Department of Education				
Special Education - Preschool Grants	84.173	45710-013-PN01	1,754	-
		45711-013-PN01	-	49,875
		45712-013-PN01	<u>-</u>	<u>11,388</u>
Total for program			<u>1,754</u>	<u>61,263</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-013-SN01	<u>328,799</u>	<u>239,525</u>
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-013-SN01	<u>20,060</u>	<u>15,534</u>
Total for cluster			<u>1,794,863</u>	<u>1,986,294</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186		<u>831</u>	<u>900</u>
Improving Teacher Quality State Grants	84.367		<u>52,629</u>	<u>55,705</u>
Education Jobs Fund	84.410		<u>-</u>	<u>312,391</u>
Total for federal grantor agency			<u>2,119,008</u>	<u>2,589,231</u>
Total federal awards expended			<u>\$ 2,546,966</u>	<u>\$ 3,028,943</u>

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

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
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 Union County-College Corner Joint School District (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 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2011 and 2012:

Program Title	Federal CFDA Number	2010-2011	2011-2012
Special Education Cluster		\$ 126,718	\$ 58,322

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010-2011	2011-2012
School Breakfast Program	10.553	\$ 8,748	\$ 10,727
National School Lunch Program	10.555	32,741	35,762

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster Education Jobs Fund

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 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts, disbursements and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the School Corporation's audited financial statement and then determining how those identified risks should be managed. The school corporation has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. Monitoring of Controls: Effective internal control over financial reporting requires the School Board to monitor and assess the quality of the School Corporation's system of internal control. The School Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the School Corporation at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls.

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)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Zach Rozelle, Superintendent
Al Sustarsic, Administrative Assistant
Sharon L. Moore, Director of
Information Technology



Jennifer Gronning, Treasurer
Grace Atkins, Payroll Clerk
Joe Elleman, Transportation
Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2010-1

Original SBA Audit Report Number: B38579

Fiscal Year: 2012

Auditee Contact Person: Jennifer Gronning

Title of Contact Person: Treasurer

Phone Number: 765-458-7471

Status Finding: Effective with the 2010-2011 school year, the school no longer submits cash draw-downs for advances. We are receiving Title I funds on a reimbursement basis.

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
107 Layman Street • Liberty, Indiana 47353 • P: 765-458-7471 • F: 765-458-5647

Zach Rozelle, Superintendent
Al Sustarsic, Administrative Assistant
Sharon L. Moore, Director of
Information Technology



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Joe Elleman, Transportation
Director

DATE: January 24, 2012

RE: Finding 2012-1

During the most recent audit of the Union County College Corner Joint School District (audit period June, 2010 – June, 2012) Indiana State Board of Accounts Auditors Karen Weaver and Robin White cited a need to establish more rigid and systematic internal controls over financial transactions and reporting.

Union County College Corner Joint School District Corporation Treasurer Mrs. Jennifer Gronning and Superintendent Dr. Zach D. Rozelle met with Educational Services Company Financial Consultant Dr. Tony Broadwell on Friday, December 28, 2012. Dr. Broadwell has worked with the Corporation throughout Dr. Rozelle's tenure as Superintendent. Dr. Broadwell makes recommendations regarding annual budget preparation and provides monthly cash flow data. He is familiar with Union County College Corner Joint School District Corporation financial matters, personnel responsible for financial matters, and "control points" currently in place. In his current role Dr. Broadwell provides one measure of independent oversight. Internal controls over financial transactions and reporting were discussed at length with Dr. Broadwell and he recommended a number of the actions outlined herein.

SEPARATION OF ACTIVITIES

- To the extent that it is possible to do so in a small school corporation operating with limited staff Union County College Corner Joint School District will work to separate incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. Currently at the corporation level the Deputy Treasurer completes the monthly reconciliation.

Internal Controls over Financial Transactions and Reporting
Union County College Corner Joint School District
Zach D. Rozelle, Superintendent
January, 2013

SCHOOL BOARD

- FUND REPORTS - Each member of the Union County College Corner Joint School District Corporation Board of School Trustees will be provided *complete* monthly fund reports of revenue, appropriations, and expenditures for all corporation funds. The fund report will be provided as a part of the monthly school board meeting packet. This was initiated with the December, 2012 board meeting packets.
- BOARD OF FINANCE - Union County College Corner Joint School District Corporation Board of School Trustees Board of Finance will convene annually in January and in July. In January the Superintendent and Treasurer will report to the Board previous calendar year budget and financial data. In July the Superintendent and Treasurer will report to the Board previous fiscal year budget and financial data.

CORPORATION SUPERINTENDENT AND TREASURER

- BANK RECONCILIATION – The Corporation Deputy Treasurer currently performs the monthly bank reconciliation. The Corporation Treasurer will review with the Superintendent each monthly reconciliation report. A list of outstanding checks and other supported data, i.e., CD, deposits in transit, etc. will be included as a part of that review. The Deputy Treasurer, Treasurer, and the Superintendent will sign off monthly verifying that the review has been done. Initiated in January, 2013.
- FUND LEDGERS – The Superintendent will review with the Corporation Treasurer each monthly fund reports of revenue, appropriations, and expenditures. Superintendent and Treasurer will ensure beginning month balances match previous month end of month balances. Additionally Superintendent and Treasurer will check month to date revenue and expenditures to ensure totals match year to date revenue and expenditures. To be initiated in February, 2013.
- APPROPRIATIONS – Superintendent and Treasurer will check monthly to ensure that appropriations in all funds match those approved by the Indiana Department of Local Government Finance as noted on the final Budget Order.....taking into account encumbrances that may have been carried over, other adjustments, and in the Capital Projects Fund, unencumbered appropriations that were carried forward. To be initiated in February, 2013 (or as soon as we receive an approved budget from the Department of Local Government Finance).

Internal Controls over Financial Transactions and Reporting
Union County College Corner Joint School District
Zach D. Rozelle, Superintendent
January, 2013

- JUNE AND DECEMBER – June and December are designated as key “check points” at which time the Superintendent and Treasurer will conduct a complete review of revenue, expenditures, and appropriations looking specifically for shortfalls in revenue (particularly property tax collections) and lines within the budget that due to unanticipated expenditures resulted in insufficient appropriations.
- INDIANA STATE BOARD OF ACCOUNTS STATE ACCOUNTING MANUAL and THE SCHOOL ADMINISTRATOR – The Superintendent, Treasurer, and Deputy Treasurer will review and reference these publications as necessary and appropriate.

CORPORATION TREASURER

- INDIANA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS SCHOOL CORPORATION TREASURER CERTIFICATION TRAINING – Corporation Treasurer will complete relevant Indiana Association of School Business Official Certification Courses. Corporation Treasurer will serve as a resource for others in the corporation. Building administrators and ECA treasurers will reference these publications as well.

EAST CENTRAL INDIANA SPECIAL SERVICES COOPERATIVE

- QUARTERLY TRACKING OF RECEIPTS, CHARGES, AND PAYMENTS – The Superintendent and the Treasurer will work with the Director of the East Central Indiana Special Services Cooperative to develop a tracking and reporting system that will provide the superintendent’s office quarterly tracking of receipts, charges, and payments. To be initiated in February, 2013.

BUILDING LEVEL EXTRA-CURRICULAR ACCOUNTS

- BANK RECONCILIATION – The ECA Treasurer in each building will review with the building principal each monthly reconciliation report. A list of outstanding checks and other supported data, i.e., CD, deposits in transit, etc. will be included as a part of that review. The ECA Treasurer and building principal will sign off monthly verifying that the review has been done and provide a copy of the sign off to the Superintendent. To be initiated in January, 2013.

Internal Controls over Financial Transactions and Reporting
 Union County College Corner Joint School District
 Zach D. Rozelle, Superintendent
 January, 2013

- BI-ANNUAL MEETINGS - Superintendent will conduct a meeting of all corporation financial personnel twice annually – approximate timing would coincide with the beginning and the ending of the school year. To be initiated in 2013.

HIGH SCHOOL ATHLETIC FUND

- REVIEW OF OPERATING PROCEDURES AND OVERSIGHT – The Superintendent will conduct a review of the high school athletic fund operating procedures and the chain of oversight with respect to that fund. To be initiated in January or February 2013.



Dr. Zach Rozelle

Superintendent

Union County College Corner Joint School District



Jennifer J. Gronning

Corporation Treasurer

Union County College Corner joint School District



Mr. Mike Murray

President, Board of School Trustees

Union County College corner Joint School district

Internal Controls over Financial Transactions and Reporting

Union County College Corner Joint School District

Zach D. Rozelle, Superintendent

January, 2013

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 24, 2013, with Michael Murray, President of the School Board; Zach Rozelle, Superintendent of Schools; Al Sustarsic, Assistant Superintendent of Schools; Jennifer Gronning, Treasurer; and Grace Atkins, Deputy Treasurer.