

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MSD OF WARREN COUNTY
WARREN COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/01/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
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	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	8-9
Notes to Financial Statement.....	10-15
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-37
Audit Results and Comments:	
Average Daily Membership (ADM)	38
Internal Controls Over Financial Transactions and Reporting	38
Public Records Retention – Pine Village Elementary.....	38
ECA Ticket Sales – Pine Village Elementary School	39
Bank Account Reconciliations – Pine Village Elementary School.....	39
Supplemental Audit of Federal Awards:	
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	42-43
Schedule of Expenditures of Federal Awards	46-47
Notes to Schedule of Expenditures of Federal Awards.....	48
Schedule of Findings and Questioned Costs	49-51
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	52
Corrective Action Plan.....	53-54
Exit Conference.....	55

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nanette Ware	07-01-10 to 06-30-13
Superintendent of Schools	Ralph Shrader	07-01-10 to 06-30-13
President of the School Board	Andy Briles Dwain Akers Dr. Gary Greenwood, DVM	07-01-10 to 06-30-11 07-01-11 to 06-30-12 07-01-12 to 06-30-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MSD OF WARREN COUNTY, WARREN COUNTY, INDIANA

We have audited the accompanying financial statement of the MSD of Warren County (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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 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 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, 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

February 13, 2013



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 MSD OF WARREN COUNTY, WARREN COUNTY, INDIANA

We have audited the financial statement of the MSD of Warren County (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 13, 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

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

February 13, 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.

MSD OF WARREN COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2011 and 2012

	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
General	\$ 1,595,615	\$ 7,539,459	\$ 7,344,042	\$ 27,751	\$ 1,818,783	\$ 7,360,934	\$ 7,577,208	\$ -	\$ 1,602,509
Debt Service	468,190	964,828	899,828	(39,398)	493,792	945,258	967,064	(9,232)	462,754
Capital Projects	279,299	1,209,286	1,063,287	(50,257)	375,041	1,214,643	1,104,226	(52,052)	433,406
School Transportation	295,763	846,528	778,303	(275,398)	88,590	844,237	814,099	(30,268)	88,460
School Bus Replacement	-	213,677	135,859	(77,050)	768	260,795	157,468	(104,095)	-
Special Education Preschool	-	-	-	-	-	-	-	-	-
Rainy Day	339,954	-	11,973	402,705	730,686	-	536,478	214,489	408,697
Construction	-	-	-	-	-	-	-	-	-
School Lunch	135,472	566,679	545,937	-	156,214	606,546	614,746	-	148,014
Textbook Rental	140,901	146,595	105,235	-	182,261	149,795	193,272	-	138,784
Levy Excess	-	-	-	-	-	-	-	-	-
Joint Services and Supply - Area Vocational School	2,432	917	1,933	-	1,416	1,453	2,869	-	-
Bi-County Opportunity Center	10,855	-	-	(10,855)	-	-	-	-	-
Educational License Plates	9,354	319	9,371	-	302	375	-	-	677
Early Intervention Grant	-	-	-	-	-	18,075	18,075	-	-
Adult and Continuing Education	-	10,000	20,000	-	(10,000)	94,062	99,442	-	(15,380)
Recreational Activities	494	319	253	(560)	-	-	-	-	-
PAC Fund	15,404	1,455	6,038	-	10,821	665	6,555	-	4,931
WCCF Literacy Grant	-	500	500	-	-	-	-	-	-
Seeger Scholarship Trust	294,734	93,274	53,525	-	334,483	93,301	65,050	-	362,734
Steinbaugh Scholarship Trust	21,396	5,628	5,050	-	21,974	4,739	5,050	-	21,663
Three J's Donations	-	-	-	-	-	110	-	-	110
Lilly Endowment CAPE Grant	-	-	-	-	-	-	-	-	-
CAPE Grant Interest Fund	197,061	67,276	90,142	-	174,195	66,563	92,539	-	148,219
Prof. Development	21,190	-	-	10,855	32,045	-	8,862	-	23,183
County Drug Grant Funds	10,272	7,300	9,796	-	7,776	5,700	12,779	-	697
Young Explorers Fund	-	-	-	-	-	3,150	1,093	-	2,057
Martindale Fund - ONB	-	-	-	-	-	-	-	-	-
Ridenour Fund	5,503	3,886	2,911	560	7,038	66,993	68,693	-	5,338
Harman Fund	142,848	45,692	54,865	-	133,675	80,000	79,990	-	133,685
Martindale Fund	90,443	30,901	12,985	-	108,359	31,820	16,553	-	123,626
Gifted/Talented 11/12	-	-	-	-	-	28,989	26,934	-	2,055
Gifted/Talented 12/13	-	30,080	30,080	-	-	-	-	-	-
Common School Tech Adv 09/10	-	-	-	-	-	-	-	-	-
Common School Tech Adv 10/11	-	92,450	92,450	-	-	-	-	-	-
Common School Tech Adv 11/12	-	-	-	-	-	24,880	24,880	-	-
Extra-Curricular Activities	-	10,979	10,979	-	-	11,476	11,476	-	-
Non-English Speaking Programs P.L. 273-1999	-	-	-	-	-	-	-	-	-
School Technology	13,692	8,488	14,631	-	7,549	9,049	16,598	-	-
Grad. Rate Performance Award	-	20,000	-	-	20,000	-	20,000	-	-
Learning Center Fund	105,535	23,236	24,520	-	104,251	24,671	31,363	-	97,559
Learning Center Fire	-	-	-	-	-	-	-	-	-

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

MSD OF WARREN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 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
Fountain County GED Program	6,004	-	6,004	-	-	-	-	-	-
SHS Student Survey	-	-	-	-	-	1,000	1,000	-	-
Amphitheater Grant	-	-	-	-	-	53,104	-	-	53,104
Excess PTRC Distributions	47,566	-	-	-	47,566	21,512	-	-	69,078
School Security Equip. Grant	-	-	-	-	-	10,000	10,000	-	-
Wellness Program Fund	544	3,505	2,615	-	1,434	3,206	2,691	-	1,949
Title I 12/13	-	111,063	119,958	-	(8,895)	112,055	125,399	-	(22,239)
Title I 09/10	(11,800)	11,800	-	-	-	-	-	-	-
Title V, Part A 08/09	-	-	-	-	-	-	-	-	-
IDEA	(31,417)	30,005	(1,412)	-	-	-	-	-	-
Special Federal Fund	-	253,671	305,039	-	(51,368)	281,879	297,823	-	(67,312)
Education Pre-School Handicapped	(1,094)	12,864	11,770	-	-	10,227	10,227	-	-
Adult Education and Family Literacy, Title II	5,319	-	5,319	-	-	-	-	-	-
Adult Education 08/09	-	-	-	-	-	-	-	-	-
Adult Ed Grant	-	25,844	35,804	-	(9,960)	12,156	2,196	-	-
PLTW Instruction	-	11,000	11,000	-	-	11,000	11,000	-	-
Drug Free Schools 07/08	-	-	-	-	-	-	-	-	-
Drug Free Schools 08/09	646	-	646	-	-	-	-	-	-
Safe & Drug Free Schools	3,814	-	905	-	2,909	-	2,909	-	-
College Prep Fund	16,287	-	3,512	-	12,775	-	-	-	12,775
Medicaid Reimbursement - Federal	4,499	-	-	-	4,499	-	-	-	4,499
Project Lead the Way	-	9,609	8,524	-	1,085	13,292	14,377	-	-
Project Lead the Way 09/10	-	-	-	-	-	-	-	-	-
CJI - Juvenile Accountability	-	40,000	40,000	-	-	-	-	-	-
CJI - Juvenile Accountability 09/10	-	-	-	-	-	-	-	-	-
Class Size Reduction	-	-	-	-	-	25,000	25,000	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	6,130	-	6,130	-	-	-	-	-	-
ITQ, Enhanced Education Through Technology, Title II, Part D	5,421	37,435	48,131	-	(5,275)	40,548	39,174	-	(3,901)
Title II, Part D 09/10	-	-	-	-	-	-	-	-	-
PEP 08/09	-	-	-	-	-	-	-	-	-
Reading First, No Child Left Behind	6,659	90,353	116,754	-	(19,742)	23,117	3,375	-	-
Fiscal Stabilization - Education	-	-	-	-	-	-	-	-	-
Title I - Grants to LEAs	(3,753)	20,400	16,647	-	-	-	-	-	-
Special Education - Part B	(61,650)	61,650	-	-	-	-	-	-	-
Special Education - Part B - Preschool	(5,089)	5,089	-	-	-	-	-	-	-
Education Jobs	-	205,148	240,878	-	(35,730)	39,287	3,557	-	-
Payroll Clearing	-	2,100,138	2,100,138	-	-	2,074,579	2,074,579	-	-
Totals	\$ 4,184,493	\$ 14,969,326	\$ 14,402,855	\$ (11,647)	\$ 4,739,317	\$ 14,680,241	\$ 15,196,669	\$ 18,842	\$ 4,241,731

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

MSD OF WARREN COUNTY
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, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

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

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.

MSD OF WARREN COUNTY
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 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.

MSD OF WARREN COUNTY
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 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.

MSD OF WARREN COUNTY
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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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

MSD OF WARREN COUNTY
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.

Note 7. *Negative Receipts and Disbursements*

The financial statement contains receipts and/or disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The error made in the prior period was corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt and/or disbursement was shown in the current period.

MSD OF WARREN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation was not received by June 30.

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Warren County School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2010-2011 and 2011-2012 totaled \$441,500 and \$440,500, respectively.

The School Corporation has entered into a capital lease with Seeger School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2010-2011 and 2011-2012 totaled \$432,000 and \$432,000, respectively.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees (retired certified teachers only) a payment of \$2,500 every six months until they reach 65 years of age. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

MSD OF WARREN COUNTY
 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	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction
Cash and investments - beginning	\$ 1,595,615	\$ 468,190	\$ 279,299	\$ 295,763	\$ -	\$ -	\$ 339,954	\$ -
Receipts:								
Local sources	65,360	964,828	1,209,286	845,519	213,677	-	-	-
Intermediate sources	4,878	-	-	-	-	-	-	-
State sources	7,441,928	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	27,293	-	-	1,009	-	-	-	-
Total receipts	<u>7,539,459</u>	<u>964,828</u>	<u>1,209,286</u>	<u>846,528</u>	<u>213,677</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	4,683,516	-	-	-	-	-	-	-
Support services	2,512,315	-	355,313	778,303	135,859	-	-	-
Noninstructional services	148,211	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	707,974	-	-	-	11,973	-
Debt services	-	899,828	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>7,344,042</u>	<u>899,828</u>	<u>1,063,287</u>	<u>778,303</u>	<u>135,859</u>	<u>-</u>	<u>11,973</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>195,417</u>	<u>65,000</u>	<u>145,999</u>	<u>68,225</u>	<u>77,818</u>	<u>-</u>	<u>(11,973)</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	27,751	-	-	-	-	-	402,705	-
Transfers out	-	(39,398)	(50,257)	(275,398)	(77,050)	-	-	-
Total other financing sources (uses)	<u>27,751</u>	<u>(39,398)</u>	<u>(50,257)</u>	<u>(275,398)</u>	<u>(77,050)</u>	<u>-</u>	<u>402,705</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>223,168</u>	<u>25,602</u>	<u>95,742</u>	<u>(207,173)</u>	<u>768</u>	<u>-</u>	<u>390,732</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,818,783</u>	<u>\$ 493,792</u>	<u>\$ 375,041</u>	<u>\$ 88,590</u>	<u>\$ 768</u>	<u>\$ -</u>	<u>\$ 730,686</u>	<u>\$ -</u>

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply Area Vocational School	Bi-County Opportunity Center	Educational License Plates	Early Intervention Grant	Adult and Continuing Education
Cash and investments - beginning	\$ 135,472	\$ 140,901	\$ -	\$ 2,432	\$ 10,855	\$ 9,354	\$ -	\$ -
Receipts:								
Local sources	328,069	114,646	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	319	-	-
State sources	6,998	31,949	-	-	-	-	-	-
Federal sources	231,612	-	-	-	-	-	-	10,000
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	917	-	-	-	-
Total receipts	566,679	146,595	-	917	-	319	-	10,000
Disbursements:								
Current:								
Instruction	-	-	-	1,933	-	-	-	20,000
Support services	572	105,235	-	-	-	-	-	-
Noninstructional services	545,365	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	9,371	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	545,937	105,235	-	1,933	-	9,371	-	20,000
Excess (deficiency) of receipts over disbursements	20,742	41,360	-	(1,016)	-	(9,052)	-	(10,000)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(10,855)	-	-	-
Total other financing sources (uses)	-	-	-	-	(10,855)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,742	41,360	-	(1,016)	(10,855)	(9,052)	-	(10,000)
Cash and investments - ending	\$ 156,214	\$ 182,261	\$ -	\$ 1,416	\$ -	\$ 302	\$ -	\$ (10,000)

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Recreational Activities	PAC Fund	WCCF Literacy Grant	Seeger Scholarship Trust	Steinbaugh Scholarship Trust	Three J's Donations	Lilly Endowment CAPE Grant	CAPE Grant Interest Fund
Cash and investments - beginning	\$ 494	\$ 15,404	\$ -	\$ 294,734	\$ 21,396	\$ -	\$ -	\$ 197,061
Receipts:								
Local sources	-	1,455	-	62,559	5,628	-	-	67,276
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	319	-	500	30,715	-	-	-	-
Total receipts	319	1,455	500	93,274	5,628	-	-	67,276
Disbursements:								
Current:								
Instruction	-	-	500	-	-	-	-	-
Support services	-	-	-	250	250	-	-	13,498
Noninstructional services	253	6,038	-	-	-	-	-	68,707
Facilities acquisition and construction	-	-	-	-	-	-	-	7,937
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	53,275	4,800	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	253	6,038	500	53,525	5,050	-	-	90,142
Excess (deficiency) of receipts over disbursements	66	(4,583)	-	39,749	578	-	-	(22,866)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(560)	-	-	-	-	-	-	-
Total other financing sources (uses)	(560)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(494)	(4,583)	-	39,749	578	-	-	(22,866)
Cash and investments - ending	\$ -	\$ 10,821	\$ -	\$ 334,483	\$ 21,974	\$ -	\$ -	\$ 174,195

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Prof. Development	County Drug Grant Funds	Young Explorers Fund	Martindale Fund ONB	Ridenour Fund	Harman Fund	Martindale Fund	Gifted/ Talented 11/12
Cash and investments - beginning	\$ 21,190	\$ 10,272	\$ -	\$ -	\$ 5,503	\$ 142,848	\$ 90,443	\$ -
Receipts:								
Local sources	-	7,300	-	-	3,549	45,692	30,143	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	337	-	758	-
Total receipts	-	7,300	-	-	3,886	45,692	30,901	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	4,698	-	-
Support services	-	9,796	-	-	2,911	50,167	12,985	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	9,796	-	-	2,911	54,865	12,985	-
Excess (deficiency) of receipts over disbursements	-	(2,496)	-	-	975	(9,173)	17,916	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	10,855	-	-	-	560	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	10,855	-	-	-	560	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,855	(2,496)	-	-	1,535	(9,173)	17,916	-
Cash and investments - ending	\$ 32,045	\$ 7,776	\$ -	\$ -	\$ 7,038	\$ 133,675	\$ 108,359	\$ -

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Gifted/ Talented 12/13	Common School Tech Adv 09/10	Common School Tech Adv 10/11	Common School Tech Adv 11/12	Extra- Curricular Activities	Non-English Speaking Programs P.L. 273-1999	School Technology	Grad. Rate Performance Award
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,692	\$ -
Receipts:								
Local sources	-	-	-	-	10,979	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	30,080	-	92,450	-	-	-	8,488	20,000
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	30,080	-	92,450	-	10,979	-	8,488	20,000
Disbursements:								
Current:								
Instruction	30,080	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	10,979	-	-	-
Facilities acquisition and construction	-	-	92,450	-	-	-	14,631	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	30,080	-	92,450	-	10,979	-	14,631	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(6,143)	20,000
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	(6,143)	20,000
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,549	\$ 20,000

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Learning Center Fund	Learning Center Fire	Fountain County GED Program	SHS Student Survey	Amphitheater Grant	Excess PTRC Distributions	School Security Equip. Grant	Wellness Program Fund
Cash and investments - beginning	\$ 105,535	\$ -	\$ 6,004	\$ -	\$ -	\$ 47,566	\$ -	\$ 544
Receipts:								
Local sources	23,236	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	3,505
Total receipts	23,236	-	-	-	-	-	-	3,505
Disbursements:								
Current:								
Instruction	24,520	-	6,004	-	-	-	-	-
Support services	-	-	-	-	-	-	-	2,615
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	24,520	-	6,004	-	-	-	-	2,615
Excess (deficiency) of receipts over disbursements	(1,284)	-	(6,004)	-	-	-	-	890
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,284)	-	(6,004)	-	-	-	-	890
Cash and investments - ending	\$ 104,251	\$ -	\$ -	\$ -	\$ -	\$ 47,566	\$ -	\$ 1,434

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I 12/13	Title I 09/10	Title V Part A 08/09	IDEA	Special Federal Fund	Education Pre-School Handicapped	Adult Education and Family Literacy Title II	Adult Education 08/09
Cash and investments - beginning	\$ -	\$ (11,800)	\$ -	\$ (31,417)	\$ -	\$ (1,094)	\$ 5,319	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	111,063	11,800	-	30,005	253,671	12,864	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	111,063	11,800	-	30,005	253,671	12,864	-	-
Disbursements:								
Current:								
Instruction	119,958	-	-	(1,412)	305,039	-	4,427	-
Support services	-	-	-	-	-	11,770	434	-
Noninstructional services	-	-	-	-	-	-	458	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	119,958	-	-	(1,412)	305,039	11,770	5,319	-
Excess (deficiency) of receipts over disbursements	(8,895)	11,800	-	31,417	(51,368)	1,094	(5,319)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	(8,895)	11,800	-	31,417	(51,368)	1,094	(5,319)	-
Cash and investments - ending	\$ (8,895)	\$ -	\$ -	\$ -	\$ (51,368)	\$ -	\$ -	\$ -

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Adult Ed Grant	PLTW Instruction	Drug Free Schools 07/08	Drug Free Schools 08/09	Safe & Drug Free Schools	College Prep Fund	Medicaid Reimbursement Federal	Project Lead the Way
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 646	\$ 3,814	\$ 16,287	\$ 4,499	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	9,609
Federal sources	25,844	11,000	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>25,844</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,609</u>
Disbursements:								
Current:								
Instruction	35,398	11,000	-	-	-	-	-	8,524
Support services	406	-	-	646	905	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	3,512	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>35,804</u>	<u>11,000</u>	<u>-</u>	<u>646</u>	<u>905</u>	<u>3,512</u>	<u>-</u>	<u>8,524</u>
Excess (deficiency) of receipts over disbursements	<u>(9,960)</u>	<u>-</u>	<u>-</u>	<u>(646)</u>	<u>(905)</u>	<u>(3,512)</u>	<u>-</u>	<u>1,085</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(9,960)</u>	<u>-</u>	<u>-</u>	<u>(646)</u>	<u>(905)</u>	<u>(3,512)</u>	<u>-</u>	<u>1,085</u>
Cash and investments - ending	<u>\$ (9,960)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,909</u>	<u>\$ 12,775</u>	<u>\$ 4,499</u>	<u>\$ 1,085</u>

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Project Lead the Way 09/10	CJI Juvenile Accountability	CJI Juvenile Accountability 09/10	Class Size Reduction	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Title II Part D 09/10	PEP 08/09
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 6,130	\$ 5,421	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	40,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	37,435	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	40,000	-	-	-	37,435	-	-
Disbursements:								
Current:								
Instruction	-	40,000	-	-	-	46,731	-	-
Support services	-	-	-	-	6,130	1,400	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	40,000	-	-	6,130	48,131	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(6,130)	(10,696)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	-	-	-	-	(6,130)	(10,696)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,275)	\$ -	\$ -

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Reading First No Child Left Behind	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ 6,659	\$ -	\$ (3,753)	\$ (61,650)	\$ (5,089)	\$ -	\$ -	\$ 4,184,493
Receipts:								
Local sources	-	-	-	-	-	-	-	3,999,202
Intermediate sources	-	-	-	-	-	-	-	5,197
State sources	-	-	-	-	-	-	-	7,681,502
Federal sources	90,353	-	20,400	61,650	5,089	205,148	-	1,117,934
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,100,138	2,165,491
Total receipts	90,353	-	20,400	61,650	5,089	205,148	2,100,138	14,969,326
Disbursements:								
Current:								
Instruction	109,584	-	16,647	-	-	240,878	-	5,708,025
Support services	3,343	-	-	-	-	-	-	4,005,103
Noninstructional services	-	-	-	-	-	-	-	780,011
Facilities acquisition and construction	-	-	-	-	-	-	-	844,336
Debt services	-	-	-	-	-	-	-	899,828
Nonprogrammed charges	3,827	-	-	-	-	-	2,100,138	2,165,552
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	116,754	-	16,647	-	-	240,878	2,100,138	14,402,855
Excess (deficiency) of receipts over disbursements	(26,401)	-	3,753	61,650	5,089	(35,730)	-	566,471
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	441,871
Transfers out	-	-	-	-	-	-	-	(453,518)
Total other financing sources (uses)	-	-	-	-	-	-	-	(11,647)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(26,401)	-	3,753	61,650	5,089	(35,730)	-	554,824
Cash and investments - ending	\$ (19,742)	\$ -	\$ -	\$ -	\$ -	\$ (35,730)	\$ -	\$ 4,739,317

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction
Cash and investments - beginning	\$ 1,818,783	\$ 493,792	\$ 375,041	\$ 88,590	\$ 768	\$ -	\$ 730,686	\$ -
Receipts:								
Local sources	67,098	945,258	1,214,643	843,086	260,795	-	-	-
Intermediate sources	1,868	-	-	-	-	-	-	-
State sources	7,198,598	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	93,370	-	-	1,151	-	-	-	-
Total receipts	7,360,934	945,258	1,214,643	844,237	260,795	-	-	-
Disbursements:								
Current:								
Instruction	4,826,758	-	-	-	-	-	-	-
Support services	2,596,204	-	419,352	814,099	157,468	-	-	-
Noninstructional services	154,246	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	684,874	-	-	-	508,405	-
Debt services	-	967,064	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	28,073	-
Total disbursements	7,577,208	967,064	1,104,226	814,099	157,468	-	536,478	-
Excess (deficiency) of receipts over disbursements	(216,274)	(21,806)	110,417	30,138	103,327	-	(536,478)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	28,073	-	-	-	214,489	-
Transfers out	-	(9,232)	(80,125)	(30,268)	(104,095)	-	-	-
Total other financing sources (uses)	-	(9,232)	(52,052)	(30,268)	(104,095)	-	214,489	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(216,274)	(31,038)	58,365	(130)	(768)	-	(321,989)	-
Cash and investments - ending	\$ 1,602,509	\$ 462,754	\$ 433,406	\$ 88,460	\$ -	\$ -	\$ 408,697	\$ -

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	Joint Services and Supply Area Vocational School	Bi-County Opportunity Center	Educational License Plates	Early Intervention Grant	Adult and Continuing Education
Cash and investments - beginning	\$ 156,214	\$ 182,261	\$ -	\$ 1,416	\$ -	\$ 302	\$ -	\$ (10,000)
Receipts:								
Local sources	335,671	107,008	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	375	-	-
State sources	6,923	42,787	-	-	-	-	18,075	-
Federal sources	263,952	-	-	-	-	-	-	94,062
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	1,453	-	-	-	-
Total receipts	606,546	149,795	-	1,453	-	375	18,075	94,062
Disbursements:								
Current:								
Instruction	-	-	-	2,869	-	-	18,075	99,442
Support services	868	193,272	-	-	-	-	-	-
Noninstructional services	613,878	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	614,746	193,272	-	2,869	-	-	18,075	99,442
Excess (deficiency) of receipts over disbursements	(8,200)	(43,477)	-	(1,416)	-	375	-	(5,380)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	(8,200)	(43,477)	-	(1,416)	-	375	-	(5,380)
Cash and investments - ending	\$ 148,014	\$ 138,784	\$ -	\$ -	\$ -	\$ 677	\$ -	\$ (15,380)

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Recreational Activities	PAC Fund	WCCF Literacy Grant	Seeger Scholarship Trust	Steinbaugh Scholarship Trust	Three J's Donations	Lilly Endowment CAPE Grant	CAPE Grant Interest Fund
Cash and investments - beginning	\$ -	\$ 10,821	\$ -	\$ 334,483	\$ 21,974	\$ -	\$ -	\$ 174,195
Receipts:								
Local sources	-	665	-	61,872	4,739	-	-	66,563
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	31,429	-	110	-	-
Total receipts	-	665	-	93,301	4,739	110	-	66,563
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	250	250	-	-	13,372
Noninstructional services	-	6,555	-	-	-	-	-	69,004
Facilities acquisition and construction	-	-	-	-	-	-	-	10,163
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	64,800	4,800	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	6,555	-	65,050	5,050	-	-	92,539
Excess (deficiency) of receipts over disbursements	-	(5,890)	-	28,251	(311)	110	-	(25,976)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	-	(5,890)	-	28,251	(311)	110	-	(25,976)
Cash and investments - ending	\$ -	\$ 4,931	\$ -	\$ 362,734	\$ 21,663	\$ 110	\$ -	\$ 148,219

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Prof. Development	County Drug Grant Funds	Young Explorers Fund	Martindale Fund ONB	Ridenour Fund	Harman Fund	Martindale Fund	Gifted/ Talented 11/12
Cash and investments - beginning	\$ 32,045	\$ 7,776	\$ -	\$ -	\$ 7,038	\$ 133,675	\$ 108,359	\$ -
Receipts:								
Local sources	-	5,700	3,150	-	66,651	80,000	31,820	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	28,989
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	342	-	-	-
Total receipts	<u>-</u>	<u>5,700</u>	<u>3,150</u>	<u>-</u>	<u>66,993</u>	<u>80,000</u>	<u>31,820</u>	<u>28,989</u>
Disbursements:								
Current:								
Instruction	-	-	1,093	-	-	58,434	-	26,934
Support services	8,862	12,779	-	-	68,693	21,556	16,553	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>8,862</u>	<u>12,779</u>	<u>1,093</u>	<u>-</u>	<u>68,693</u>	<u>79,990</u>	<u>16,553</u>	<u>26,934</u>
Excess (deficiency) of receipts over disbursements	<u>(8,862)</u>	<u>(7,079)</u>	<u>2,057</u>	<u>-</u>	<u>(1,700)</u>	<u>10</u>	<u>15,267</u>	<u>2,055</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(8,862)</u>	<u>(7,079)</u>	<u>2,057</u>	<u>-</u>	<u>(1,700)</u>	<u>10</u>	<u>15,267</u>	<u>2,055</u>
Cash and investments - ending	<u>\$ 23,183</u>	<u>\$ 697</u>	<u>\$ 2,057</u>	<u>\$ -</u>	<u>\$ 5,338</u>	<u>\$ 133,685</u>	<u>\$ 123,626</u>	<u>\$ 2,055</u>

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Gifted/ Talented 12/13	Common School Tech Adv 09/10	Common School Tech Adv 10/11	Common School Tech Adv 11/12	Extra- Curricular Activities	Non-English Speaking Programs P.L. 273-1999	School Technology	Grad. Rate Performance Award
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,549	\$ 20,000
Receipts:								
Local sources	-	-	-	-	11,476	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	24,880	-	-	9,049	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	24,880	11,476	-	9,049	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	20,000
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	11,476	-	-	-
Facilities acquisition and construction	-	-	-	24,880	-	-	16,598	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	24,880	11,476	-	16,598	20,000
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(7,549)	(20,000)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	(7,549)	(20,000)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Learning Center Fund	Learning Center Fire	Fountain County GED Program	SHS Student Survey	Amphitheater Grant	Excess PTRC Distributions	School Security Equip. Grant	Wellness Program Fund
Cash and investments - beginning	\$ 104,251	\$ -	\$ -	\$ -	\$ -	\$ 47,566	\$ -	\$ 1,434
Receipts:								
Local sources	24,671	-	-	1,000	53,104	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	21,512	10,000	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	3,206
Total receipts	24,671	-	-	1,000	53,104	21,512	10,000	3,206
Disbursements:								
Current:								
Instruction	31,363	-	-	1,000	-	-	-	-
Support services	-	-	-	-	-	-	-	2,691
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	10,000	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	31,363	-	-	1,000	-	-	10,000	2,691
Excess (deficiency) of receipts over disbursements	(6,692)	-	-	-	53,104	21,512	-	515
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
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	(6,692)	-	-	-	53,104	21,512	-	515
Cash and investments - ending	\$ 97,559	\$ -	\$ -	\$ -	\$ 53,104	\$ 69,078	\$ -	\$ 1,949

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I 12/13	Title I 09/10	Title V Part A 08/09	IDEA	Special Federal Fund	Education Pre-School Handicapped	Adult Education and Family Literacy Title II	Adult Education 08/09
Cash and investments - beginning	\$ (8,895)	\$ -	\$ -	\$ -	\$ (51,368)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	112,055	-	-	-	281,879	10,227	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	112,055	-	-	-	281,879	10,227	-	-
Disbursements:								
Current:								
Instruction	124,399	-	-	-	297,823	-	-	-
Support services	1,000	-	-	-	-	10,227	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	125,399	-	-	-	297,823	10,227	-	-
Excess (deficiency) of receipts over disbursements	(13,344)	-	-	-	(15,944)	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,344)	-	-	-	(15,944)	-	-	-
Cash and investments - ending	\$ (22,239)	\$ -	\$ -	\$ -	\$ (67,312)	\$ -	\$ -	\$ -

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Adult Ed Grant	PLTW Instruction	Drug Free Schools 07/08	Drug Free Schools 08/09	Safe & Drug Free Schools	College Prep Fund	Medicaid Reimbursement Federal	Project Lead the Way
Cash and investments - beginning	\$ (9,960)	\$ -	\$ -	\$ -	\$ 2,909	\$ 12,775	\$ 4,499	\$ 1,085
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	13,292
Federal sources	12,156	11,000	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>12,156</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,292</u>
Disbursements:								
Current:								
Instruction	2,214	11,000	-	-	-	-	-	14,377
Support services	(18)	-	-	-	2,909	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>2,196</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>2,909</u>	<u>-</u>	<u>-</u>	<u>14,377</u>
Excess (deficiency) of receipts over disbursements	<u>9,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,909)</u>	<u>-</u>	<u>-</u>	<u>(1,085)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,909)</u>	<u>-</u>	<u>-</u>	<u>(1,085)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,775</u>	<u>\$ 4,499</u>	<u>\$ -</u>

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Project Lead the Way 09/10	CJI Juvenile Accountability	CJI Juvenile Accountability 09/10	Class Size Reduction	Improving Teaching Quality No Child Left Title II, Part A	ITQ Enhanced Education Through Technology Title II, Part D	Title II Part D 09/10	PEP 08/09
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,275)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	25,000	-	-	-	-
Federal sources	-	-	-	-	-	40,548	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	25,000	-	40,548	-	-
Disbursements:								
Current:								
Instruction	-	-	-	25,000	-	39,174	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	25,000	-	39,174	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	1,374	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	1,374	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,901)	\$ -	\$ -

MSD OF WARREN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Reading First No Child Left Behind	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (19,742)	\$ -	\$ -	\$ -	\$ -	\$ (35,730)	\$ -	\$ 4,739,317
Receipts:								
Local sources	-	-	-	-	-	-	-	4,184,970
Intermediate sources	-	-	-	-	-	-	-	2,243
State sources	-	-	-	-	-	-	-	7,399,105
Federal sources	23,117	-	-	-	-	39,287	-	888,283
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,074,579	2,205,640
Total receipts	23,117	-	-	-	-	39,287	2,074,579	14,680,241
Disbursements:								
Current:								
Instruction	2,559	-	-	-	-	3,557	-	5,606,071
Support services	-	-	-	-	-	-	-	4,340,387
Noninstructional services	-	-	-	-	-	-	-	855,159
Facilities acquisition and construction	-	-	-	-	-	-	-	1,254,920
Debt services	-	-	-	-	-	-	-	967,064
Nonprogrammed charges	816	-	-	-	-	-	2,074,579	2,144,995
Interfund loans	-	-	-	-	-	-	-	28,073
Total disbursements	3,375	-	-	-	-	3,557	2,074,579	15,196,669
Excess (deficiency) of receipts over disbursements	19,742	-	-	-	-	35,730	-	(516,428)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	242,562
Transfers out	-	-	-	-	-	-	-	(223,720)
Total other financing sources (uses)	-	-	-	-	-	-	-	18,842
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,742	-	-	-	-	35,730	-	(497,586)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,241,731

MSD OF WARREN COUNTY
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM)

Records presented for audit to support the ADM claimed by the School Corporation were not certified by the building level official.

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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:

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, including school lunch receipts and federal program compliance. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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)

PUBLIC RECORDS RETENTION – PINE VILLAGE ELEMENTARY SCHOOL

Pine Village Elementary failed to present School Form SA-3 – Receipts and textbook rental receipts for their Extra-Curricular Account for audit for 2011-2012. The ECA Treasurer stated that she shredded the textbook rental receipts. A similar comment was included in prior Report B38459.

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

MSD OF WARREN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ECA TICKET SALES - PINE VILLAGE ELEMENTARY SCHOOL

At Pine Village Elementary School, the Ticket Sales reports (SA-4) were not reconciled by the ECA Treasurer to the cash remitted by the ticket taker. A teacher collects the money at the gate and remits the money to the ECA Treasurer. The ECA Treasurer did not write a separate receipt for each event. The ECA Treasurer sometimes combined three or four events on one receipt with no breakdown per event. Ticket numbers recorded on the ticket sales reports did not match the actual tickets attached. The amounts pre-printed on the ticket sales form were marked out and new amounts were written in. On the ticket sales reports, the preprinted amount of "cash to open the drawer" was marked out or white-out was used to change the amount. The amount varied for different events and was not always a rounded number. It appeared that the amount was changed to force the amount of cash counted to match the amount calculated for ticket sales. The ECA Treasurer stated that when the concession stand runs low on money during a ballgame, money is taken from the gate fees without any documentation written or verified.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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 Extra-Curricular Accounts, Chapter 7)

BANK ACCOUNT RECONCILIATIONS - PINE VILLAGE ELEMENTARY SCHOOL

Depository reconciliations of the fund balances to the bank account balances were incorrect for June 30, 2012. The outstanding check list included two checks totaling \$3,302.57 that actually cleared the bank in February 2012 and a miscellaneous adjustment for \$209.50 that didn't include any supporting documentation. The fund balance report did not match the reconciliation report. A new reconciliation was performed using a correct outstanding checklist and the adjusted bank balance as of June 30, 2012, was \$2,637.03 more than the fund balance report.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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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
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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 MSD OF WARREN COUNTY, WARREN COUNTY, INDIANA

Compliance

We have audited the MSD of Warren County'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)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3 to be material weaknesses.

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 the response.

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

February 13, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

MSD OF WARREN COUNTY
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>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553			
		FY 09-10	\$ 7,500	\$ -
		FY 10-11	34,878	8,650
		FY 11-12	-	43,813
Total for program			<u>42,378</u>	<u>52,463</u>
National School Lunch Program	10.555			
		FY 09-10	34,976	-
		FY 10-11	190,564	44,129
		FY 11-12	-	209,611
Total for program			<u>225,540</u>	<u>253,740</u>
Total for cluster			<u>267,918</u>	<u>306,203</u>
Child and Adult Care Food Program	10.558			
		FY 10-11	-	610
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Block Grants	16.523			
		08-JB-026	\$ 40,000	\$ -
		09-JB-028	-	25,000
Total for program			<u>40,000</u>	<u>25,000</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010			
		10-8115	11,800	-
		11-8115	111,063	8,896
		12-8115	-	103,160
Total for program			<u>122,863</u>	<u>112,056</u>
ARRA - Title I Grants to Local Educational Agencies	84.389			
		10-8115	16,647	-
Total for cluster			<u>139,510</u>	<u>112,056</u>
Special Education Cluster Special Education Grants to States	84.027			
		FY2011	253,671	51,368
		FY2012	-	230,511
Total for program			<u>253,671</u>	<u>281,879</u>

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

MSD OF WARREN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Special Education Preschool Grants	84.173			
		FY2011	11,770	-
		FY2012	-	10,227
Total for program			<u>11,770</u>	<u>10,227</u>
Total for cluster			<u>265,441</u>	<u>292,106</u>
Pass-Through Lafayette School Corporation				
Adult Education - Basic Grants to States	84.002			
		FY 10-11	25,844	12,156
		FY 11-12	-	35,820
Total for program			<u>25,844</u>	<u>47,976</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities	84.186			
		FY 08-09	646	-
		FY 09-10	905	2,909
Total for program			<u>1,551</u>	<u>2,909</u>
Pass-Through Southeast Fountain School Corporation				
Tech-Prep Education	84.243			
		PLTW-10-129	9,609	13,292
Pass-Through Indiana Department of Education				
Reading First State Grants	84.357			
		SY 09-10	85,888	-
		SY 10-11	4,465	23,117
Total for program			<u>90,353</u>	<u>23,117</u>
Improving Teacher Quality State Grants	84.367			
		10-8115	37,435	9,668
		11-8115	-	30,880
Total for program			<u>37,435</u>	<u>40,548</u>
Education Jobs Fund	84.410			
		FY10-11	240,877	3,558
Total for federal grantor agency			<u>810,620</u>	<u>535,562</u>
Total federal awards expended			<u>\$ 1,386,456</u>	<u>\$ 1,173,578</u>

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

MSD OF WARREN COUNTY
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 MSD of Warren County (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. 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
National School Lunch Program	10.555	\$ 36,307	\$ 36,950

MSD OF WARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
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?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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:

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, including school lunch receipts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

MSD OF WARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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)

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the financial statements.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD NUTRITION CLUSTER

Federal Agency: United States Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year (or Other Identifying Number): FY 09-10, FY 10-11, FY 11-12
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect to the program: Eligibility, Special Tests and Provisions, and Program Income. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

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

OMB Circular A-133, Subpart C, section .300 (b) states:

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

MSD OF WARREN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect to the program as noted above.

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO SPECIAL EDUCATION CLUSTER

Federal Agency: United States Department of Education
Federal Program: Special Education Grants to States, Special Education Preschool Grants
CFDA Number: 84.027 and 84.173
Federal Award Number and Year: FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect to the program: Allowable Activities/Allowable Costs and Cash Management. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

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

OMB Circular A-133, Subpart C, section .300 (b) states:

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

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

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect to the program as noted above.

Metropolitan School District of Warren County

101 N. Monroe, Box 207, Williamsport, IN 47993

Phone 765-762-3364 Fax 765-762-6623

Mr. Ralph D. Shrader, Superintendent
rshrader@msdwarco.k12.in.us

Mr. James P. Beyer, Asst. Superintendent
jbeyer@msdwarco.k12.in.us

January 16, 2013

Finding Number 2010-1, Cash Management

Original SBA Audit Report Number: B38459

Fiscal Year: 2010

Auditee Contact Person: Nanette Ware

Title of Contact Person: Treasurer

Phone Number: 765-762-3364

Status of Finding: Corrected, State no longer disburses advance payments to subgrantees. All cash disbursements are requested after the expenses have occurred.

Nanette Ware

Nanette Ware, Treasurer

Metropolitan School District of Warren County

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Mr. Ralph D. Shrader, Superintendent
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Mr. James P. Beyer, Asst. Superintendent
jbeyer@msdwarco.k12.in.us

Corrective Action Plan

Contact Person: Nanette Ware
Contact Information: Corporation Treasurer

FINDING 2012-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

School Corporation receipt edit will be verified by the Superintendent (signed & dated) before the receipts are printed and posted by the Corporation Treasurer. School Lunch Receipts - An employee will collect the lunch money from the students, that employee will run a total and give to the ECA Treasurer, who will receipt onto the students account and deposit into the bank.

FINDING 2012-2 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD NUTRITION CLUSTER

Federal Agency: United State Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.553 and 10.555
Federal Award Number and Year: FY 09-10, FY 10-11, FY 11-12
Pass-Through Entity: Indiana Department of Education

ECA Treasurers will do the determinations of the Free/Reduced and Textbook Assistance Applications. The Lunch Treasurer will do the verifications for the School Corporation.

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE
REQUIREMENTS THAT HAVE DIRECT AND MATERIAL EFFECT TO SPECIAL
EDUCATION CLUSTER

Federal Agency: United State Department of Education

Federal Program: Special Education Cluster

CFDA Number: 84.017 and 84.173

Federal Award Number and Year: FY 2011 and FY 2012

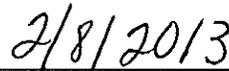
Pass-Through Entity: Indiana Department of Education

All purchases to be made from the Special Education Cluster funds will be submitted to the Corporation Treasurer who will then get approval from the Superintendent. The Superintendent will inform the Treasurer where the purchase is to be paid from.

The Superintendent will review and approve all cash requests before being submitted.



Nanette Ware, Treasurer



Date

MSD OF WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2013, with Frances Ellen Peterson, Payroll Clerk; Nanette Ware, Treasurer; Ralph Shrader, Superintendent of Schools; Dr. Gary Greenwood, DVM, President of the School Board; Gail Anderson, Pine Village Elementary Principal; and Mary K. Flook, Pine Village Elementary Extra-Curricular Treasurer/Secretary. The officials concurred with our audit findings.