

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WHITLEY COUNTY CONSOLIDATED SCHOOLS
WHITLEY COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/08/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Anthony G. Zickgraf	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Patricia O'Connor (Interim) Dr. Patricia O'Connor	07-01-10 to 02-14-11 02-15-11 to 06-30-13
President of the School Board	Donald L. Armstrong	01-01-10 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WHITLEY COUNTY CONSOLIDATED SCHOOLS, WHITLEY COUNTY, INDIANA

We have audited the accompanying financial statement of Whitley County Consolidated Schools (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 19, 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, Schedule of Payables and Receivables, and Schedule of Leases and Debt, 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 19, 2013



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

TO: THE OFFICIALS OF WHITLEY COUNTY CONSOLIDATED SCHOOLS, WHITLEY COUNTY, INDIANA

We have audited the financial statement of Whitley County Consolidated Schools (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 19, 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.

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.

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

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.

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 19, 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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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	\$ (138,567)	\$ 21,887,742	\$ 21,713,348	\$ 105,404	\$ 141,231	\$ 21,822,876	\$ 21,444,142	\$ 4,194	\$ 524,159
Debt Service	2,313,460	3,993,742	3,832,670	(157,475)	2,317,057	4,133,304	4,023,406	(976)	2,425,979
Taxable Pension Bonds	214,091	728,092	612,650	-	329,533	580,197	617,199	-	292,531
Capital Projects	1,946,275	3,260,104	3,377,063	121,071	1,950,387	3,046,524	3,620,694	10,981	1,387,198
School Transportation	1,489,728	1,652,643	1,852,888	(429,372)	860,111	1,601,010	1,934,585	6,380	532,916
School Bus Replacement	138,909	170,498	-	(41,555)	267,852	290,700	343,094	1,083	216,541
Rainy Day	1,518,572	-	-	460,000	1,978,572	-	-	-	1,978,572
School Lunch	549,068	1,346,779	1,363,119	-	532,728	1,378,172	1,419,213	-	491,687
Textbook Rental	122,460	244,516	117,861	9,538	258,653	261,481	445,523	17,394	92,005
Repair and Replacement	22,488	71,817	434,305	340,000	-	2,076	2,076	-	-
Levy Excess	-	-	-	-	-	11,429	-	56,816	68,245
Educational License Plates	13,406	206	-	-	13,612	244	-	-	13,856
Alternative Education	6,208	-	6,208	-	-	-	-	-	-
Early Intervention Grant	1,400	23,000	16,999	-	7,401	-	7,401	-	-
DEKKO Kindergarten	20,356	-	-	-	20,356	-	7,682	-	12,674
Adult and Continuing Education	(11,067)	11,067	-	-	-	-	-	-	-
Camp Whitley Donations	1,963	-	1,963	-	-	-	-	-	-
Miscellaneous Grants	53,359	51,752	88,118	-	16,993	47,998	44,293	-	20,698
Miscellaneous Grants Substitutes	113	1,655	1,693	-	75	880	966	11	-
Einstein Grants	1,423	-	1,423	-	-	-	-	-	-
Teaching Excellence	3,258	-	2,074	-	1,184	-	142	-	1,042
Student Counseling Assistance Program	2,699	-	1,215	-	1,484	-	585	-	899
DEKKO Celebrate Project	13	-	13	-	-	-	-	-	-
Project Lead The Way	9,303	30,583	6,475	-	33,411	30,583	21,057	-	42,937
Community Partnership New Tech Tops	-	65,000	65,000	-	-	77,500	77,500	-	-
Community Partnership PBL101 Buck Ins	-	5,600	-	-	5,600	22,750	15,815	-	12,535
Whitley Forward Stem Grant	-	-	-	-	-	20,000	9,934	-	10,066
DEKKO Technology Project	54,611	-	-	-	54,611	-	31,310	-	23,301
Wal-Mart Foundation Grant	237	-	233	-	4	-	-	-	4

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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
High Ability Grant FY 11-12	-	-	-	-	-	38,576	18,543	-	20,033
High Ability Grant FY 09-10	25,279	-	25,279	-	-	-	-	-	-
Petty Cash	300	-	-	-	300	-	-	-	300
High Ability Grant FY 10-11	-	40,081	17,514	-	22,567	-	22,567	-	-
Non-English Speaking Programs P.L. 273-1999	287	1,503	1,790	-	-	1,052	1,052	-	-
School Technology	-	8,056	6,042	-	2,014	7,562	7,687	-	1,889
Technology Grants	44,338	26,583	44,628	-	26,293	25,510	44,655	-	7,148
Learn More In-College Success	-	1,000	440	-	560	5,000	2,342	-	3,218
Excess PTRC Distributions	407,007	-	-	(407,007)	-	91,678	-	(91,678)	-
Title I FY 11-12	-	-	-	-	-	314,135	334,749	-	(20,614)
Title I FY 09-10	28,982	-	287	(28,695)	-	-	-	-	-
Title I FY 10-11	-	253,133	281,828	28,695	-	-	-	-	-
IDEA Part B FY 11-12	-	-	-	-	-	378,525	392,897	-	(14,372)
IDEA Part B Preschool FY 11-12	-	-	-	-	-	35,233	36,736	-	(1,503)
Title IV Part A FY 08-09	1,643	-	-	(1,643)	-	1,503	1,503	-	-
Title IV Part A FY 09-10	41,664	-	35,034	(5,000)	1,630	-	1,630	-	-
Title IV Part A FY 10-11	-	-	-	-	-	-	31,980	31,980	-
Tech Prep Perkins FY 10-11	-	35,000	25,889	-	9,111	-	9,111	-	-
Other Federal Programs	43	-	-	-	43	-	-	-	43
Improving Teacher Quality Title II Part A	-	59,500	61,376	6,643	4,767	97,056	74,756	(31,980)	(4,913)
Title III Language Instruction	954	-	954	-	-	1,163	-	-	1,163
Title I - Grants to LEAs	(2,796)	59,434	54,279	-	2,359	14,346	16,705	-	-
Special Education - Part B	82,980	298,850	367,898	-	13,932	179,310	193,242	-	-
New Technology Grants	50,000	75,000	40,308	-	84,692	-	58,256	-	26,436
Education Jobs	-	227,982	227,982	-	-	116,646	124,082	-	(7,436)
Clearing Account	941,554	15,874,847	15,929,482	-	886,919	15,684,388	15,625,609	-	945,698
Fringe Benefit Clearing	40	7,189	7,229	-	-	6,999	6,999	-	-
Totals	<u>\$ 9,956,041</u>	<u>\$ 50,512,954</u>	<u>\$ 50,623,557</u>	<u>\$ 604</u>	<u>\$ 9,846,042</u>	<u>\$ 50,326,406</u>	<u>\$ 51,071,718</u>	<u>\$ 4,205</u>	<u>\$ 9,104,935</u>

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts 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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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 is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 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	Taxable Pension Bonds	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ (138,567)	\$ 2,313,460	\$ 214,091	\$ 1,946,275	\$ 1,489,728	\$ 138,909	\$ 1,518,572	\$ 549,068	\$ 122,460
Receipts:									
Local sources	619,315	3,993,742	728,092	3,260,104	1,652,643	170,498	-	689,751	163,977
Intermediate sources	68	-	-	-	-	-	-	-	-
State sources	21,268,359	-	-	-	-	-	-	22,215	80,539
Federal sources	-	-	-	-	-	-	-	634,813	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>21,887,742</u>	<u>3,993,742</u>	<u>728,092</u>	<u>3,260,104</u>	<u>1,652,643</u>	<u>170,498</u>	<u>-</u>	<u>1,346,779</u>	<u>244,516</u>
Disbursements:									
Current:									
Instruction	14,938,173	-	-	-	-	-	-	-	-
Support services	6,431,386	-	-	2,237,149	1,852,888	-	-	1,446	117,861
Noninstructional services	343,789	-	-	-	-	-	-	1,240,340	-
Facilities acquisition and construction	-	-	-	1,139,914	-	-	-	111,333	-
Debt services	-	3,832,670	612,650	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	10,000	-
Total disbursements	<u>21,713,348</u>	<u>3,832,670</u>	<u>612,650</u>	<u>3,377,063</u>	<u>1,852,888</u>	<u>-</u>	<u>-</u>	<u>1,363,119</u>	<u>117,861</u>
Excess (deficiency) of receipts over disbursements	<u>174,394</u>	<u>161,072</u>	<u>115,442</u>	<u>(116,959)</u>	<u>(200,245)</u>	<u>170,498</u>	<u>-</u>	<u>(16,340)</u>	<u>126,655</u>
Other financing sources (uses):									
Sale of capital assets	604	-	-	-	-	-	-	-	-
Transfers in	104,800	152,063	-	121,071	122,376	11,497	800,000	-	9,538
Transfers out	-	(309,538)	-	-	(551,748)	(53,052)	(340,000)	-	-
Total other financing sources (uses)	<u>105,404</u>	<u>(157,475)</u>	<u>-</u>	<u>121,071</u>	<u>(429,372)</u>	<u>(41,555)</u>	<u>460,000</u>	<u>-</u>	<u>9,538</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>279,798</u>	<u>3,597</u>	<u>115,442</u>	<u>4,112</u>	<u>(629,617)</u>	<u>128,943</u>	<u>460,000</u>	<u>(16,340)</u>	<u>136,193</u>
Cash and investments - ending	<u>\$ 141,231</u>	<u>\$ 2,317,057</u>	<u>\$ 329,533</u>	<u>\$ 1,950,387</u>	<u>\$ 860,111</u>	<u>\$ 267,852</u>	<u>\$ 1,978,572</u>	<u>\$ 532,728</u>	<u>\$ 258,653</u>

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

	Repair and Replacement	Levy Excess	Educational License Plates	Alternative Education	Early Intervention Grant	DEKKO Kindergarten	Adult and Continuing Education	Camp Whitley Donations	Miscellaneous Grants
Cash and investments - beginning	\$ 22,488	\$ -	\$ 13,406	\$ 6,208	\$ 1,400	\$ 20,356	\$ (11,067)	\$ 1,963	\$ 53,359
Receipts:									
Local sources	-	-	-	-	-	-	11,067	-	51,752
Intermediate sources	-	-	206	-	-	-	-	-	-
State sources	-	-	-	-	23,000	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	71,817	-	-	-	-	-	-	-	-
Total receipts	71,817	-	206	-	23,000	-	11,067	-	51,752
Disbursements:									
Current:									
Instruction	-	-	-	242	16,337	-	-	1,963	76,121
Support services	434,305	-	-	5,966	-	-	-	-	11,913
Noninstructional services	-	-	-	-	662	-	-	-	84
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	434,305	-	-	6,208	16,999	-	-	1,963	88,118
Excess (deficiency) of receipts over disbursements	(362,488)	-	206	(6,208)	6,001	-	11,067	(1,963)	(36,366)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	340,000	66,101	-	-	-	-	-	-	-
Transfers out	-	(66,101)	-	-	-	-	-	-	-
Total other financing sources (uses)	340,000	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,488)	-	206	(6,208)	6,001	-	11,067	(1,963)	(36,366)
Cash and investments - ending	\$ -	\$ -	\$ 13,612	\$ -	\$ 7,401	\$ 20,356	\$ -	\$ -	\$ 16,993

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

	Miscellaneous Grants Substitutes	Einstein Grants	Teaching Excellence	Student Counseling Assistance Program	DEKKO Celebrate Project	Project Lead The Way	Community Partnership New Tech Tops	Community Partnership PBL101 Buck Ins	DEKKO Technology Project
Cash and investments - beginning	\$ 113	\$ 1,423	\$ 3,258	\$ 2,699	\$ 13	\$ 9,303	\$ -	\$ -	\$ 54,611
Receipts:									
Local sources	1,655	-	-	-	-	-	65,000	-	-
Intermediate sources	-	-	-	-	-	30,583	-	5,600	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,655	-	-	-	-	30,583	65,000	5,600	-
Disbursements:									
Current:									
Instruction	-	1,231	2,074	-	13	6,475	-	-	-
Support services	1,693	192	-	1,215	-	-	65,000	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,693	1,423	2,074	1,215	13	6,475	65,000	-	-
Excess (deficiency) of receipts over disbursements	(38)	(1,423)	(2,074)	(1,215)	(13)	24,108	-	5,600	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(38)	(1,423)	(2,074)	(1,215)	(13)	24,108	-	5,600	-
Cash and investments - ending	\$ 75	\$ -	\$ 1,184	\$ 1,484	\$ -	\$ 33,411	\$ -	\$ 5,600	\$ 54,611

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

	Wal-Mart Foundation Grant	High Ability Grant FY 09-10	Petty Cash	High Ability Grant FY 10-11	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Grants	Learn More In-College Success
Cash and investments - beginning	\$ 237	\$ 25,279	\$ 300	\$ -	\$ 287	\$ -	\$ 44,338	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	26,583	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	40,081	1,503	8,056	-	1,000
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,081</u>	<u>1,503</u>	<u>8,056</u>	<u>26,583</u>	<u>1,000</u>
Disbursements:								
Current:								
Instruction	233	25,279	-	17,514	1,790	-	-	-
Support services	-	-	-	-	-	6,042	44,628	-
Noninstructional services	-	-	-	-	-	-	-	440
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>233</u>	<u>25,279</u>	<u>-</u>	<u>17,514</u>	<u>1,790</u>	<u>6,042</u>	<u>44,628</u>	<u>440</u>
Excess (deficiency) of receipts over disbursements	<u>(233)</u>	<u>(25,279)</u>	<u>-</u>	<u>22,567</u>	<u>(287)</u>	<u>2,014</u>	<u>(18,045)</u>	<u>560</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(233)</u>	<u>(25,279)</u>	<u>-</u>	<u>22,567</u>	<u>(287)</u>	<u>2,014</u>	<u>(18,045)</u>	<u>560</u>
Cash and investments - ending	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 22,567</u>	<u>\$ -</u>	<u>\$ 2,014</u>	<u>\$ 26,293</u>	<u>\$ 560</u>

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

	Excess PTRC Distributions	Title I FY 09-10	Title I FY 10-11	Title IV Part A FY 08-09	Title IV Part A FY 09-10	Tech Prep Perkins FY 10-11	Other Federal Programs	Improving Teacher Quality Title II Part A
Cash and investments - beginning	\$ 407,007	\$ 28,982	\$ -	\$ 1,643	\$ 41,664	\$ -	\$ 43	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	253,133	-	-	35,000	-	59,500
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	253,133	-	-	35,000	-	59,500
Disbursements:								
Current:								
Instruction	-	80	273,801	-	-	25,889	-	57,715
Support services	-	207	3,758	-	35,034	-	-	3,661
Noninstructional services	-	-	4,269	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	287	281,828	-	35,034	25,889	-	61,376
Excess (deficiency) of receipts over disbursements	-	(287)	(28,695)	-	(35,034)	9,111	-	(1,876)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	28,695	-	-	-	-	6,643
Transfers out	(407,007)	(28,695)	-	(1,643)	(5,000)	-	-	-
Total other financing sources (uses)	(407,007)	(28,695)	28,695	(1,643)	(5,000)	-	-	6,643
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(407,007)	(28,982)	-	(1,643)	(40,034)	9,111	-	4,767
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 1,630	\$ 9,111	\$ 43	\$ 4,767

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 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 III Language Instruction	Title I - Grants to LEAs	Special Education - Part B	New Technology Grants	Education Jobs	Clearing Account	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ 954	\$ (2,796)	\$ 82,980	\$ 50,000	\$ -	\$ 941,554	\$ 40	\$ 9,956,041
Receipts:								
Local sources	-	-	-	-	-	-	-	11,434,179
Intermediate sources	-	-	-	-	-	-	-	36,457
State sources	-	-	-	-	-	-	-	21,444,753
Federal sources	-	59,434	298,850	75,000	227,982	-	-	1,643,712
Other	-	-	-	-	-	15,874,847	7,189	15,953,853
Total receipts	<u>-</u>	<u>59,434</u>	<u>298,850</u>	<u>75,000</u>	<u>227,982</u>	<u>15,874,847</u>	<u>7,189</u>	<u>50,512,954</u>
Disbursements:								
Current:								
Instruction	954	50,935	109,329	21,896	180,130	-	-	15,808,174
Support services	-	3,344	133,569	18,412	47,852	-	-	11,457,521
Noninstructional services	-	-	-	-	-	-	-	1,589,584
Facilities acquisition and construction	-	-	125,000	-	-	-	-	1,376,247
Debt services	-	-	-	-	-	-	-	4,445,320
Nonprogrammed charges	-	-	-	-	-	15,929,482	7,229	15,946,711
Total disbursements	<u>954</u>	<u>54,279</u>	<u>367,898</u>	<u>40,308</u>	<u>227,982</u>	<u>15,929,482</u>	<u>7,229</u>	<u>50,623,557</u>
Excess (deficiency) of receipts over disbursements	<u>(954)</u>	<u>5,155</u>	<u>(69,048)</u>	<u>34,692</u>	<u>-</u>	<u>(54,635)</u>	<u>(40)</u>	<u>(110,603)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	604
Transfers in	-	-	-	-	-	-	-	1,762,784
Transfers out	-	-	-	-	-	-	-	(1,762,784)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(954)</u>	<u>5,155</u>	<u>(69,048)</u>	<u>34,692</u>	<u>-</u>	<u>(54,635)</u>	<u>(40)</u>	<u>(109,999)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,359</u>	<u>\$ 13,932</u>	<u>\$ 84,692</u>	<u>\$ -</u>	<u>\$ 886,919</u>	<u>\$ -</u>	<u>\$ 9,846,042</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 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	Taxable Pension Bonds	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 141,231	\$ 2,317,057	\$ 329,533	\$ 1,950,387	\$ 860,111	\$ 267,852	\$ 1,978,572	\$ 532,728	\$ 258,653
Receipts:									
Local sources	611,109	4,133,304	580,197	3,046,524	1,601,010	290,700	-	660,968	170,183
Intermediate sources	36	-	-	-	-	-	-	-	-
State sources	21,211,731	-	-	-	-	-	-	21,215	91,298
Federal sources	-	-	-	-	-	-	-	695,082	-
Other	-	-	-	-	-	-	-	907	-
Total receipts	<u>21,822,876</u>	<u>4,133,304</u>	<u>580,197</u>	<u>3,046,524</u>	<u>1,601,010</u>	<u>290,700</u>	<u>-</u>	<u>1,378,172</u>	<u>261,481</u>
Disbursements:									
Current:									
Instruction	14,606,563	-	-	-	-	-	-	-	-
Support services	6,481,631	-	-	2,475,054	1,934,585	343,094	-	1,190	445,523
Noninstructional services	355,948	-	-	-	-	-	-	1,323,938	-
Facilities acquisition and construction	-	-	-	1,145,640	-	-	-	74,085	-
Debt services	-	4,023,406	617,199	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	20,000	-
Total disbursements	<u>21,444,142</u>	<u>4,023,406</u>	<u>617,199</u>	<u>3,620,694</u>	<u>1,934,585</u>	<u>343,094</u>	<u>-</u>	<u>1,419,213</u>	<u>445,523</u>
Excess (deficiency) of receipts over disbursements	<u>378,734</u>	<u>109,898</u>	<u>(37,002)</u>	<u>(574,170)</u>	<u>(333,575)</u>	<u>(52,394)</u>	<u>-</u>	<u>(41,041)</u>	<u>(184,042)</u>
Other financing sources (uses):									
Sale of capital assets	4,205	-	-	-	-	-	-	-	-
Transfers in	-	16,418	-	10,981	6,380	1,083	-	-	17,394
Transfers out	(11)	(17,394)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,194</u>	<u>(976)</u>	<u>-</u>	<u>10,981</u>	<u>6,380</u>	<u>1,083</u>	<u>-</u>	<u>-</u>	<u>17,394</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>382,928</u>	<u>108,922</u>	<u>(37,002)</u>	<u>(563,189)</u>	<u>(327,195)</u>	<u>(51,311)</u>	<u>-</u>	<u>(41,041)</u>	<u>(166,648)</u>
Cash and investments - ending	<u>\$ 524,159</u>	<u>\$ 2,425,979</u>	<u>\$ 292,531</u>	<u>\$ 1,387,198</u>	<u>\$ 532,916</u>	<u>\$ 216,541</u>	<u>\$ 1,978,572</u>	<u>\$ 491,687</u>	<u>\$ 92,005</u>

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

	Repair and Replacement	Levy Excess	Educational License Plates	Early Intervention Grant	DEKKO Kindergarten	Miscellaneous Grants	Miscellaneous Grants Substitutes	Teaching Excellence
Cash and investments - beginning	\$ -	\$ -	\$ 13,612	\$ 7,401	\$ 20,356	\$ 16,993	\$ 75	\$ 1,184
Receipts:								
Local sources	-	11,429	-	-	-	47,998	880	-
Intermediate sources	-	-	244	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	2,076	-	-	-	-	-	-	-
Total receipts	<u>2,076</u>	<u>11,429</u>	<u>244</u>	<u>-</u>	<u>-</u>	<u>47,998</u>	<u>880</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	7,401	1,350	25,265	-	142
Support services	2,076	-	-	-	6,332	19,028	966	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>2,076</u>	<u>-</u>	<u>-</u>	<u>7,401</u>	<u>7,682</u>	<u>44,293</u>	<u>966</u>	<u>142</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>11,429</u>	<u>244</u>	<u>(7,401)</u>	<u>(7,682)</u>	<u>3,705</u>	<u>(86)</u>	<u>(142)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	56,816	-	-	-	-	11	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>56,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>68,245</u>	<u>244</u>	<u>(7,401)</u>	<u>(7,682)</u>	<u>3,705</u>	<u>(75)</u>	<u>(142)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 68,245</u>	<u>\$ 13,856</u>	<u>\$ -</u>	<u>\$ 12,674</u>	<u>\$ 20,698</u>	<u>\$ -</u>	<u>\$ 1,042</u>

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

	Student Counseling Assistance Program	Project Lead The Way	Community Partnership New Tech Tops	Community Partnership PBL101 Buck Ins	Whitley Forward Stem Grant	DEKKO Technology Project	Wal-Mart Foundation Grant	High Ability Grant FY 11-12
Cash and investments - beginning	\$ 1,484	\$ 33,411	\$ -	\$ 5,600	\$ -	\$ 54,611	\$ 4	\$ -
Receipts:								
Local sources	-	-	77,500	-	20,000	-	-	-
Intermediate sources	-	30,583	-	22,750	-	-	-	-
State sources	-	-	-	-	-	-	-	38,576
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	30,583	77,500	22,750	20,000	-	-	38,576
Disbursements:								
Current:								
Instruction	-	21,057	-	-	9,934	-	-	18,543
Support services	585	-	77,500	15,815	-	31,310	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	585	21,057	77,500	15,815	9,934	31,310	-	18,543
Excess (deficiency) of receipts over disbursements	(585)	9,526	-	6,935	10,066	(31,310)	-	20,033
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(585)	9,526	-	6,935	10,066	(31,310)	-	20,033
Cash and investments - ending	\$ 899	\$ 42,937	\$ -	\$ 12,535	\$ 10,066	\$ 23,301	\$ 4	\$ 20,033

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

	Petty Cash	High Ability Grant FY 10-11	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Grants	Learn More In-College Success	Excess PTRC Distributions	Title I FY 11-12
Cash and investments - beginning	\$ 300	\$ 22,567	\$ -	\$ 2,014	\$ 26,293	\$ 560	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	25,510	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	1,052	7,562	-	5,000	91,678	-
Federal sources	-	-	-	-	-	-	-	314,135
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>1,052</u>	<u>7,562</u>	<u>25,510</u>	<u>5,000</u>	<u>91,678</u>	<u>314,135</u>
Disbursements:								
Current:								
Instruction	-	22,567	1,052	-	-	-	-	333,319
Support services	-	-	-	7,687	44,655	-	-	535
Noninstructional services	-	-	-	-	-	2,342	-	895
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>22,567</u>	<u>1,052</u>	<u>7,687</u>	<u>44,655</u>	<u>2,342</u>	<u>-</u>	<u>334,749</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(22,567)</u>	<u>-</u>	<u>(125)</u>	<u>(19,145)</u>	<u>2,658</u>	<u>91,678</u>	<u>(20,614)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(91,678)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,678)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(22,567)</u>	<u>-</u>	<u>(125)</u>	<u>(19,145)</u>	<u>2,658</u>	<u>-</u>	<u>(20,614)</u>
Cash and investments - ending	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,889</u>	<u>\$ 7,148</u>	<u>\$ 3,218</u>	<u>\$ -</u>	<u>\$ (20,614)</u>

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

	IDEA Part B FY 11-12	IDEA Part B Preschool FY 11-12	Title IV Part A FY 08-09	Title IV Part A FY 09-10	Title IV Part A FY 10-11	Tech Prep Perkins FY 10-11	Other Federal Programs	Improving Teacher Quality Title II Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,630	\$ -	\$ 9,111	\$ 43	\$ 4,767
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	378,525	35,233	1,503	-	-	-	-	97,056
Other	-	-	-	-	-	-	-	-
Total receipts	<u>378,525</u>	<u>35,233</u>	<u>1,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,056</u>
Disbursements:								
Current:								
Instruction	45,862	36,736	1,503	-	-	9,111	-	55,000
Support services	347,035	-	-	1,630	31,980	-	-	19,756
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>392,897</u>	<u>36,736</u>	<u>1,503</u>	<u>1,630</u>	<u>31,980</u>	<u>9,111</u>	<u>-</u>	<u>74,756</u>
Excess (deficiency) of receipts over disbursements	<u>(14,372)</u>	<u>(1,503)</u>	<u>-</u>	<u>(1,630)</u>	<u>(31,980)</u>	<u>(9,111)</u>	<u>-</u>	<u>22,300</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	31,980	-	-	-
Transfers out	-	-	-	-	-	-	-	(31,980)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,980</u>	<u>-</u>	<u>-</u>	<u>(31,980)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(14,372)</u>	<u>(1,503)</u>	<u>-</u>	<u>(1,630)</u>	<u>-</u>	<u>(9,111)</u>	<u>-</u>	<u>(9,680)</u>
Cash and investments - ending	<u>\$ (14,372)</u>	<u>\$ (1,503)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ (4,913)</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS
 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 III Language Instruction	Title I - Grants to LEAs	Special Education - Part B	New Technology Grants	Education Jobs	Clearing Account	Fringe Benefit Clearing	Totals
Cash and investments - beginning	\$ -	\$ 2,359	\$ 13,932	\$ 84,692	\$ -	\$ 886,919	\$ -	\$ 9,846,042
Receipts:								
Local sources	-	-	-	-	-	-	-	11,277,312
Intermediate sources	-	-	-	-	-	-	-	53,613
State sources	-	-	-	-	-	-	-	21,468,112
Federal sources	1,163	14,346	179,310	-	116,646	-	-	1,832,999
Other	-	-	-	-	-	15,684,388	6,999	15,694,370
Total receipts	<u>1,163</u>	<u>14,346</u>	<u>179,310</u>	<u>-</u>	<u>116,646</u>	<u>15,684,388</u>	<u>6,999</u>	<u>50,326,406</u>
Disbursements:								
Current:								
Instruction	-	8,132	24,767	15,540	34,429	-	-	15,278,273
Support services	-	8,573	168,475	42,716	89,653	-	-	12,597,384
Noninstructional services	-	-	-	-	-	-	-	1,683,123
Facilities acquisition and construction	-	-	-	-	-	-	-	1,219,725
Debt services	-	-	-	-	-	-	-	4,640,605
Nonprogrammed charges	-	-	-	-	-	15,625,609	6,999	15,652,608
Total disbursements	<u>-</u>	<u>16,705</u>	<u>193,242</u>	<u>58,256</u>	<u>124,082</u>	<u>15,625,609</u>	<u>6,999</u>	<u>51,071,718</u>
Excess (deficiency) of receipts over disbursements	<u>1,163</u>	<u>(2,359)</u>	<u>(13,932)</u>	<u>(58,256)</u>	<u>(7,436)</u>	<u>58,779</u>	<u>-</u>	<u>(745,312)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	4,205
Transfers in	-	-	-	-	-	-	-	141,063
Transfers out	-	-	-	-	-	-	-	(141,063)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,205</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,163</u>	<u>(2,359)</u>	<u>(13,932)</u>	<u>(58,256)</u>	<u>(7,436)</u>	<u>58,779</u>	<u>-</u>	<u>(741,107)</u>
Cash and investments - ending	<u>\$ 1,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,436</u>	<u>\$ (7,436)</u>	<u>\$ 945,698</u>	<u>\$ -</u>	<u>\$ 9,104,935</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
JUNE 30, 2012

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 413,330</u>	<u>\$ 48,837</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Whitley County Multi-School Building Corporation - 2007	\$ 23,260,000	\$ 1,711,000
Whitley County Multi-School Building Corporation - 2008	5,715,000	2,153,423
Whitley County Multi-School Building Corporation - 2009	1,768,000	150,000
Whitley County Multi-School Building Corporation - 2010	1,890,000	110,000
Energy Conservation Measures	984,831	308,328
Eagle Tech Laptop Computers	365,640	121,880
Bonds payable:		
General obligation bonds:		
Pension Bonds of 2003	2,275,000	391,272
Pension Bonds of 2006	2,180,000	224,368
Total governmental activities debt	<u>\$ 38,438,471</u>	<u>\$ 5,170,271</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS
AUDIT RESULT AND COMMENT

CAPITAL ASSET RECORDS

A record of capital assets was prepared by an outside vendor at January 30, 2007. The records did not include land and no additions or deletions have been recorded since January 30, 2007. A similar comment appeared in prior Report B38460.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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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 WHITLEY COUNTY CONSOLIDATED SCHOOLS, WHITLEY COUNTY, INDIANA

Compliance

We have audited Whitley County Consolidated Schools' (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. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

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

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)

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.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the finding 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 19, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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 10-11	\$ 126,036	\$ -
		FY 11-12	-	137,993
Total for program			<u>126,036</u>	<u>137,993</u>
National School Lunch Program				
	10.555			
		FY 10-11	591,984	-
		FY 11-12	-	652,623
Total for program			<u>591,984</u>	<u>652,623</u>
Summer Food Service Program for Children				
	10.559			
		FY 10-11	16,078	-
		FY 11-12	-	13,993
Total for program			<u>16,078</u>	<u>13,993</u>
Total for federal grantor agency			<u>734,098</u>	<u>804,609</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			
		10-8665	287	-
		11-8665	281,828	-
		12-8665	-	314,135
Total for program			<u>282,115</u>	<u>314,135</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
	84.389			
		10-8665	54,279	16,705
Total for cluster			<u>336,394</u>	<u>330,840</u>
Pass-Through Huntington County Community School Corporation				
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027			
		14211-029-PN01	69,700	-
		14209-029-PY02	15,000	-
		14210-029-PN01	-	25,000
Pass-Through Indiana Department of Education				
Special Education - Grants to States	84.027			
		14212-020-PN01	-	378,525
Total for program			<u>84,700</u>	<u>403,525</u>
Pass-Through Huntington County Community School Corporation				
Special Education - Preschool Grants				
	84.173			
		45711-029-PN01	32,789	-
Pass-Through Indiana Department of Education				
Special Education - Preschool Grants	84.173			
		45712-020-PN01	-	35,233
Total for program			<u>32,789</u>	<u>35,233</u>

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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 Huntington County Community School Corporation ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-029-SN01	367,898	193,242
Total for cluster			<u>485,387</u>	<u>632,000</u>
Pass-Through University of Indianapolis State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	FY 10-11 FY 11-12	40,308 -	- 58,257
Total for cluster			<u>40,308</u>	<u>58,257</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	09-8665 09 Supplemental	35,034 -	1,631 1,503
Total for program			<u>35,034</u>	<u>3,134</u>
Projects With Industry	84.234	FY 10-11 FY 11-12	25,890 -	- 9,110
Total for program			<u>25,890</u>	<u>9,110</u>
Pass-Through Region 8 Education Service Center English Language Acquisition State Grants	84.365	09-8665 10-8665	954 -	- 1,163
Total for program			<u>954</u>	<u>1,163</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	09-8665 10-8665 11-8665	61,374 - -	4,769 95,581 1,475
Total for program			<u>61,374</u>	<u>101,825</u>
Education Jobs Fund	84.410	FY 10-11 FY 11-12	227,982 -	- 116,646
Total for program			<u>227,982</u>	<u>116,646</u>
Total for federal grantor agency			<u>1,213,323</u>	<u>1,252,975</u>
Total federal awards expended			<u>\$ 1,947,421</u>	<u>\$ 2,057,584</u>

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

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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 Whitley County Consolidated Schools (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	For the Year Ended June 30, 2011	For the Year Ended June 30, 2012
Child Nutrition Cluster:			
Food Commodities:			
School Breakfast Program	10.553	\$ 17,046	\$ 19,117
National School Lunch Program	10.555	<u>82,239</u>	<u>90,410</u>
Total for cluster		<u>\$ 99,285</u>	<u>\$ 109,527</u>

WHITLEY COUNTY CONSOLIDATED SCHOOLS
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Special Education Cluster (IDEA) Education Jobs Fund

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-1 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Education
Federal Program: ARRA - Special Education - Grants to States, Recovery Act
CFDA Number: 84.391
Federal Award Number and Year (or Other Identifying Number): 33310-029-SN01
Pass-Through Entity: Huntington County Community School Corporation

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation does not maintain records for equipment or property purchased at the School Corporation level; however, the Special Education Department does maintain records of equipment purchased with Special Education Funds. The equipment records maintained by the Special Education Department do not have dollar values reported, except for computer equipment. No physical inventory has been performed to reconcile a physical count with the records maintained by the Special Education Department. During the audit period, \$125,000 of ARRA - Special Education Funds was used to pay for a renovation project at the high school, but was not recorded as an asset on any capital asset records.

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

"The auditee shall: 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."

34 CFR 80.32 Equipment states in part:

"(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

WHITLEY COUNTY CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended the School Corporation design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment are conducted at least every two years and reconciled to the detailed capital assets ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with Federal funds must be designated as such so that they are not disposed of improperly.



Whitley County Consolidated Schools

Patricia O'Connor, Ph.D.
Superintendent

Anthony G. Zickgraf
Director of Business & Operations

CORRECTIVE ACTION PLAN

FINDING 2012-1, EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Program: ARRA – Special Education – Grants to States, Recovery Act

CFDA Number: 84.391

Federal Award Number and Year (or Other Identifying Number): 33310-029-SN01

Pass-Through Entity: Huntington County Community School Corporation

Required procedures pertaining to equipment and real property management will be reviewed and implemented for Special Education grants.

A handwritten signature in cursive script, reading "Dr. Patricia O'Connor".

Dr. Patricia O'Connor, Superintendent of Schools

A handwritten signature in cursive script, reading "Anthony G. Zickgraf".

Anthony G. Zickgraf, Treasurer

WHITLEY COUNTY CONSOLIDATED SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 19, 2013, with Anthony G. Zickgraf, Treasurer; Dr. Patricia O'Connor, Superintendent of Schools; Jenny Grable, Deputy Treasurer; and Donald L. Armstrong, President of the School Board. The officials concurred with our audit findings.