

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

FAYETTE COUNTY SCHOOL CORPORATION
FAYETTE COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
02/07/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	6-7
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	10-11
Notes to Financial Statement	12-17
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	20-36
Schedule of Payables and Receivables	37
Schedule of Leases and Debt	38
Schedule of Capital Assets	39
Audit Result and Comment: Bank Account Reconciliations	40
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	42-43
Schedule of Expenditures of Federal Awards	47-49
Notes to Schedule of Expenditures of Federal Awards	50
Schedule of Findings and Questioned Costs	51
Exit Conference	52
Official Response	53

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance/ Treasurer	Jane Kellam-Tollett	07-01-11 to 12-31-13
Superintendent of Schools	Dr. Russell Hodges	07-01-11 to 06-30-14
President of the School Board	Brad Wilson Ralph Burchett	07-01-11 to 12-31-12 01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Fayette County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 9, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

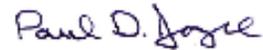
Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Other Information

The School Corporation's response to the Audit Result and Comment identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.


Paul D. Joyce, CPA
State Examiner

January 9, 2014



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Fayette County School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated January 9, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

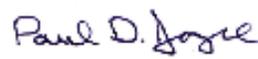
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Fayette County School Corporation's Response to Findings

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 9, 2014

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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.

FAYETTE COUNTY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11			Other Financing Sources (Uses)		Cash and Investments 06-30-12			Other Financing Sources (Uses)		Cash and Investments 06-30-13
	Receipts	Disbursements			Receipts	Disbursements					
General	\$ 2,856,218	\$ 25,525,633	\$ 24,847,115	\$ 99,663	\$ 3,634,399	\$ 25,310,533	\$ 24,351,106	\$ 18,616	\$ 4,612,442		
Debt Service	826,084	1,834,028	1,817,870	(31,016)	811,226	1,977,932	1,962,710	(33,199)	793,249		
Retirement/Severance Bond Debt Service	109,572	197,287	217,461	-	89,398	205,368	214,848	-	79,918		
Capital Projects	1,140,978	2,778,219	2,692,377	-	1,226,820	2,957,724	2,880,688	15,753	1,319,609		
School Transportation	2,333,774	2,130,071	1,990,791	(420,146)	2,052,908	2,232,237	2,050,479	38,307	2,272,973		
School Bus Replacement	760,216	380,923	459,344	-	681,795	331,908	467,556	-	546,147		
Rainy Day	5,282,611	-	-	500,000	5,782,611	-	-	-	5,782,611		
Retirement/Severance Bond	577,088	-	200,000	-	377,088	-	200,000	-	177,088		
Post-Retirement/Severance Future Benefits	253,766	-	31,156	56,759	279,369	-	44,071	57,527	292,825		
School Lunch	484,789	2,040,280	2,097,377	(124,134)	303,558	2,058,420	2,034,011	60,172	388,139		
Textbook Rental	725,399	435,570	678,562	-	482,407	412,560	255,879	33,199	672,287		
Centerville-Fayette-Rush Special Education Consortium	265,220	26,718	76,181	-	215,757	37,594	31,932	-	221,419		
Joint Services and Supply - Area Vocational School	1,870,897	2,322,256	2,148,988	(181,074)	1,863,091	2,120,388	2,098,246	(143,819)	1,741,414		
Whitewater Technical Capital Outlay	106,491	-	98,175	190,000	198,316	-	78,804	154,000	273,512		
Child Care Program	(17,565)	243,990	222,340	(10)	4,075	196,709	180,765	-	20,019		
Magic Moments Pres	-	7,910	8,965	25	(1,030)	10,208	8,931	10	257		
Everton After School	-	20,954	4,754	-	16,200	9,087	7,597	-	17,690		
Alternative Education	57,418	1,824	88,863	29,621	-	3,491	-	1,746	5,237		
Huffmeier Trust	-	5,397	-	-	5,397	2,035	-	-	7,432		
Adult and Continuing Education	30,220	17,719	10,676	-	37,263	13,624	13,656	-	37,231		
Qualified Zone Academy Bond 2001	2,000,000	-	665,000	-	1,335,000	-	665,000	-	670,000		
FCSC Special Programs	3,028	22,384	20,262	538	5,688	19,123	17,814	5,541	12,538		
Band Instruments	2,851	1,324	2,299	-	1,876	1,273	-	-	3,149		
Connersville Middle School Library Grant	-	10,000	10,000	-	-	-	-	-	-		
FCSC Gifted and Talented 2012-13	-	-	-	-	-	40,823	15,601	-	25,222		
FCSC Gifted and Talented 2010-11	23,512	-	23,512	-	-	-	-	-	-		
FCSC Gifted and Talented 2011-12	-	40,301	19,019	-	21,282	-	21,282	-	-		
Tech Prep	17,180	231	3,262	-	14,149	-	1,751	-	12,398		
Non-English Speaking Programs P.L. 273-1999	1,621	95	-	-	1,716	-	-	-	1,716		
School Technology	195,754	32,886	34,770	1,000	194,870	68,337	162,497	68	100,778		
Connersville Holding Corporation	27,699	-	10	-	27,689	-	-	-	27,689		
Young Authors	6,715	931	-	-	7,646	1,671	-	-	9,317		
Textbook Rental State Reimbursement	671	186,018	219,686	32,997	-	190,933	197,826	6,893	-		

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

FAYETTE COUNTY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
Title I - 2012-13	-	-	-	-	-	709,628	826,957	-	(117,329)
Title I - 2010-12	(75,669)	1,059,300	1,078,184	-	(94,553)	359,465	264,912	-	-
CFR Part B 2010-12	(277,703)	2,013,984	2,013,750	-	(277,469)	1,075,147	797,678	-	-
CFR Part B 2012-13	-	-	-	-	-	1,398,735	1,587,019	-	(188,284)
Special Education Improvement	-	-	-	-	-	70,000	70,000	-	-
CFR Preschool 2010-12	(6,559)	85,241	85,687	-	(7,005)	25,486	18,481	-	-
CFR Preschool 2012-13	-	-	-	-	-	87,335	94,256	-	(6,921)
WTCC Adult Based Education 2012-13	-	-	-	-	-	136,536	189,346	-	(52,810)
WTCC Adult Based Education 2010-11	(18,751)	49,648	30,897	-	-	-	-	-	-
WTCC Adult Based Education 2011-12	-	69,685	73,847	-	(4,162)	17,569	13,407	-	-
Drug Free Schools 2010-11	-	9,254	9,254	-	-	-	-	-	-
Vocational and Technical Board Grants 2010-11	12,350	4,149	16,499	-	-	-	-	-	-
Vocational and Technical Board Grants 2011-12	-	185,655	182,452	-	3,203	-	3,203	-	-
Vocational and Technical Board Grants 2012-13	-	-	-	-	-	187,108	181,019	(9,355)	(3,266)
Tech Prep 2012	-	-	-	-	-	5,254	4,992	(262)	-
Medicaid Reimbursement - Federal	15,325	16,563	2,166	(4,363)	25,359	31,349	4,281	(5,471)	46,956
Improving Teaching Quality, No Child Left, Title II, Part A 2011-12	(14,210)	214,182	219,929	-	(19,957)	59,985	33,449	(6,579)	-
Improving Teaching Quality, No Child Left, Title II, Part A 2012-13	-	-	-	-	-	140,212	159,172	(5,766)	(24,726)
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	91,720	91,722	-	(2)
PLTW 2011	-	73,344	69,678	(3,666)	-	-	-	-	-
Head Start 2010-11	(20,237)	161,408	141,171	-	-	-	-	-	-
Head Start 2011-12	-	933,408	955,509	-	(22,101)	147,894	125,793	-	-
Head Start 2012-13	-	-	-	-	-	932,244	974,732	-	(42,488)
Adult Education 2010-11	(1,573)	7,732	6,159	-	-	-	-	-	-
Title I - Grants to LEAs	(595)	36,892	36,297	-	-	-	-	-	-
Special Education - Part B	(28,492)	138,528	110,036	-	-	-	-	-	-
Special Education - Part B - Preschool	28	9,967	9,995	-	-	-	-	-	-
Education Technology	-	8,598	8,598	-	-	-	-	-	-
Education Jobs	-	593,641	662,945	-	(69,304)	234,081	164,777	-	-
Clearing	268,588	22,531,263	22,576,446	-	223,405	22,668,369	22,443,141	-	448,633
Totals	\$ 19,794,709	\$ 66,465,391	\$ 66,978,314	\$ 146,194	\$ 19,427,980	\$ 66,580,095	\$ 66,011,387	\$ 187,381	\$ 20,184,069

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

FAYETTE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

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

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

FAYETTE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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.

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.

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.

FAYETTE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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.

FAYETTE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

FAYETTE COUNTY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2012 and 2013.

Note 8. Restatements

For the year ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

FAYETTE COUNTY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Fund not Previously Reported	Balance as of June 30, 2011	Prior Period Adjustment	Balance as of July 1, 2011
Clearing	\$ -	\$ 268,588	\$ 268,588

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Connersville Middle School Building Corporation and Multi School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the 2011-2012 year totaled \$1,440,000 and during the 2012-2013 year totaled \$1,558,000.

Note 10. Subsequent Events

In August 2013, the School Corporation sold \$2,000,000 2012 Qualified Zone Academy Bonds (QZAB) to finance various improvements at Connersville High School. The funds are held by the holding corporation. The School Corporation will make future lease payments to the holding corporation in the amount of \$2,000,000. The interest rate is 0 percent.

In September 2013, the School Corporation was granted an advancement in the amount of \$147,596 from the School Technology Advancement Account (STAA) of the Common School Fund. The advancement will be used to purchase computer hardware and software to be used primarily for student instruction. The interest rate on the advancement is 1 percent.

Note 11. Other Postemployment Benefit

The School Corporation provides to eligible retirees and their spouses the following benefits: post retirement severance benefits. The 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.

FAYETTE COUNTY SCHOOL CORPORATION
 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	Retirement/ Serverance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 2,856,218	\$ 826,084	\$ 109,572	\$ 1,140,978	\$ 2,333,774	\$ 760,216
Receipts:						
Local sources	534,939	1,834,028	197,287	2,749,163	2,130,071	380,923
Intermediate sources	66	-	-	-	-	-
State sources	24,967,284	-	-	-	-	-
Federal sources	14,398	-	-	-	-	-
Other	8,946	-	-	29,056	-	-
Total receipts	<u>25,525,633</u>	<u>1,834,028</u>	<u>197,287</u>	<u>2,778,219</u>	<u>2,130,071</u>	<u>380,923</u>
Disbursements:						
Current:						
Instruction	17,119,872	-	-	-	-	-
Support services	7,472,909	67,182	-	1,653,486	1,990,791	459,344
Noninstructional services	254,334	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,038,891	-	-
Debt services	-	1,750,688	217,461	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>24,847,115</u>	<u>1,817,870</u>	<u>217,461</u>	<u>2,692,377</u>	<u>1,990,791</u>	<u>459,344</u>
Excess (deficiency) of receipts over disbursements	<u>678,518</u>	<u>16,158</u>	<u>(20,174)</u>	<u>85,842</u>	<u>139,280</u>	<u>(78,421)</u>
Other financing sources (uses):						
Sale of capital assets	54,268	-	-	-	79,854	-
Transfers in	131,775	-	-	-	-	-
Transfers out	(86,380)	(31,016)	-	-	(500,000)	-
Total other financing sources (uses)	<u>99,663</u>	<u>(31,016)</u>	<u>-</u>	<u>-</u>	<u>(420,146)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>778,181</u>	<u>(14,858)</u>	<u>(20,174)</u>	<u>85,842</u>	<u>(280,866)</u>	<u>(78,421)</u>
Cash and investments - ending	<u>\$ 3,634,399</u>	<u>\$ 811,226</u>	<u>\$ 89,398</u>	<u>\$ 1,226,820</u>	<u>\$ 2,052,908</u>	<u>\$ 681,795</u>

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

	Rainy Day	Retirement/ Severance Bond	Post Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Centerville- Fayette-Rush Special Education Consortium
Cash and investments - beginning	\$ 5,282,611	\$ 577,088	\$ 253,766	\$ 484,789	\$ 725,399	\$ 265,220
Receipts:						
Local sources	-	-	-	593,016	435,570	25,122
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	11,427	-	1,596
Federal sources	-	-	-	1,435,837	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	2,040,280	435,570	26,718
Disbursements:						
Current:						
Instruction	-	188,388	-	-	-	76,181
Support services	-	11,612	31,156	30,809	678,562	-
Noninstructional services	-	-	-	2,066,568	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	200,000	31,156	2,097,377	678,562	76,181
Excess (deficiency) of receipts over disbursements	-	(200,000)	(31,156)	(57,097)	(242,992)	(49,463)
Other financing sources (uses):						
Sale of capital assets	-	-	-	3,278	-	-
Transfers in	500,000	-	56,759	-	-	-
Transfers out	-	-	-	(127,412)	-	-
Total other financing sources (uses)	500,000	-	56,759	(124,134)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	500,000	(200,000)	25,603	(181,231)	(242,992)	(49,463)
Cash and investments - ending	\$ 5,782,611	\$ 377,088	\$ 279,369	\$ 303,558	\$ 482,407	\$ 215,757

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

	Joint Services and Supply Area Vocational School	Whitewater Technical Capital Outlay	Child Care Program	Magic Moments Pres	Everton After School	Alternative Education
Cash and investments - beginning	\$ 1,870,897	\$ 106,491	\$ (17,565)	\$ -	\$ -	\$ 57,418
Receipts:						
Local sources	2,322,256	-	193,845	7,910	648	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	50,145	-	-	1,824
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	20,306	-
Total receipts	<u>2,322,256</u>	<u>-</u>	<u>243,990</u>	<u>7,910</u>	<u>20,954</u>	<u>1,824</u>
Disbursements:						
Current:						
Instruction	1,319,751	-	-	8,965	-	88,863
Support services	596,443	-	13,465	-	-	-
Noninstructional services	-	-	208,875	-	4,754	-
Facilities acquisition and construction	-	98,175	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	232,794	-	-	-	-	-
Total disbursements	<u>2,148,988</u>	<u>98,175</u>	<u>222,340</u>	<u>8,965</u>	<u>4,754</u>	<u>88,863</u>
Excess (deficiency) of receipts over disbursements	<u>173,268</u>	<u>(98,175)</u>	<u>21,650</u>	<u>(1,055)</u>	<u>16,200</u>	<u>(87,039)</u>
Other financing sources (uses):						
Sale of capital assets	5,260	-	(10)	25	-	-
Transfers in	3,666	190,000	-	-	-	29,621
Transfers out	(190,000)	-	-	-	-	-
Total other financing sources (uses)	<u>(181,074)</u>	<u>190,000</u>	<u>(10)</u>	<u>25</u>	<u>-</u>	<u>29,621</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,806)</u>	<u>91,825</u>	<u>21,640</u>	<u>(1,030)</u>	<u>16,200</u>	<u>(57,418)</u>
Cash and investments - ending	<u>\$ 1,863,091</u>	<u>\$ 198,316</u>	<u>\$ 4,075</u>	<u>\$ (1,030)</u>	<u>\$ 16,200</u>	<u>\$ -</u>

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

	Huffmeier Trust	Adult and Continuing Education	Qualified Zone Academy Bond 2001	FCSC Special Programs	Band Instruments	Connersville Middle School Library Grant
Cash and investments - beginning	\$ -	\$ 30,220	\$ 2,000,000	\$ 3,028	\$ 2,851	\$ -
Receipts:						
Local sources	5,397	17,719	-	22,260	1,324	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	10,000
Federal sources	-	-	-	-	-	-
Other	-	-	-	124	-	-
Total receipts	5,397	17,719	-	22,384	1,324	10,000
Disbursements:						
Current:						
Instruction	-	10,676	-	18,405	-	-
Support services	-	-	-	1,163	-	-
Noninstructional services	-	-	-	694	2,299	-
Facilities acquisition and construction	-	-	-	-	-	10,000
Debt services	-	-	665,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	10,676	665,000	20,262	2,299	10,000
Excess (deficiency) of receipts over disbursements	5,397	7,043	(665,000)	2,122	(975)	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	538	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	538	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,397	7,043	(665,000)	2,660	(975)	-
Cash and investments - ending	\$ 5,397	\$ 37,263	\$ 1,335,000	\$ 5,688	\$ 1,876	\$ -

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

	FCSC Gifted and Talented 2010-11	FCSC Gifted and Talented 2011-12	Tech Prep	Non-English Speaking Programs P.L. 273-1999	School Technology	Connersville Holding Corporation
Cash and investments - beginning	\$ 23,512	\$ -	\$ 17,180	\$ 1,621	\$ 195,754	\$ 27,699
Receipts:						
Local sources	-	-	231	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	40,301	-	95	32,886	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>40,301</u>	<u>231</u>	<u>95</u>	<u>32,886</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	23,512	19,019	-	-	19,180	-
Support services	-	-	3,262	-	15,590	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	10
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>23,512</u>	<u>19,019</u>	<u>3,262</u>	<u>-</u>	<u>34,770</u>	<u>10</u>
Excess (deficiency) of receipts over disbursements	<u>(23,512)</u>	<u>21,282</u>	<u>(3,031)</u>	<u>95</u>	<u>(1,884)</u>	<u>(10)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	1,000	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(23,512)</u>	<u>21,282</u>	<u>(3,031)</u>	<u>95</u>	<u>(884)</u>	<u>(10)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 21,282</u>	<u>\$ 14,149</u>	<u>\$ 1,716</u>	<u>\$ 194,870</u>	<u>\$ 27,689</u>

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

	Young Authors	Textbook Rental State Reimbursement	Title I 2010-12	CFR Part B 2010-12	CFR Preschool 2010-12	WTCC Adult Based Education 2010-11
Cash and investments - beginning	\$ 6,715	\$ 671	\$ (75,669)	\$ (277,703)	\$ (6,559)	\$ (18,751)
Receipts:						
Local sources	931	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	186,018	-	-	-	-
Federal sources	-	-	1,059,300	2,013,984	85,241	49,648
Other	-	-	-	-	-	-
Total receipts	931	186,018	1,059,300	2,013,984	85,241	49,648
Disbursements:						
Current:						
Instruction	-	-	453,771	1,208,296	-	29,170
Support services	-	-	558,039	741,655	85,687	1,727
Noninstructional services	-	-	47,754	-	-	-
Facilities acquisition and construction	-	-	-	63,799	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	219,686	18,620	-	-	-
Total disbursements	-	219,686	1,078,184	2,013,750	85,687	30,897
Excess (deficiency) of receipts over disbursements	931	(33,668)	(18,884)	234	(446)	18,751
Other financing sources (uses):						
Sale of capital assets	-	1,981	-	-	-	-
Transfers in	-	31,016	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	32,997	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	931	(671)	(18,884)	234	(446)	18,751
Cash and investments - ending	\$ 7,646	\$ -	\$ (94,553)	\$ (277,469)	\$ (7,005)	\$ -

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

	WTCC Adult Based Education 2011-12	Drug Free Schools 2010-11	Vocational and Technical Board Grants 2010-11	Vocational and Technical Board Grants 2011-12	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A 2011-12
Cash and investments - beginning	\$ -	\$ -	\$ 12,350	\$ -	\$ 15,325	\$ (14,210)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	69,685	9,254	4,149	185,655	16,563	214,182
Other	-	-	-	-	-	-
Total receipts	<u>69,685</u>	<u>9,254</u>	<u>4,149</u>	<u>185,655</u>	<u>16,563</u>	<u>214,182</u>
Disbursements:						
Current:						
Instruction	69,911	8,314	15,680	92,710	2,166	195,702
Support services	3,936	373	819	89,742	-	17,437
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	567	-	-	-	6,790
Total disbursements	<u>73,847</u>	<u>9,254</u>	<u>16,499</u>	<u>182,452</u>	<u>2,166</u>	<u>219,929</u>
Excess (deficiency) of receipts over disbursements	<u>(4,162)</u>	<u>-</u>	<u>(12,350)</u>	<u>3,203</u>	<u>14,397</u>	<u>(5,747)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,363)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,363)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(4,162)</u>	<u>-</u>	<u>(12,350)</u>	<u>3,203</u>	<u>10,034</u>	<u>(5,747)</u>
Cash and investments - ending	<u>\$ (4,162)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,203</u>	<u>\$ 25,359</u>	<u>\$ (19,957)</u>

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

	PLTW 2011	Head Start 2010-11	Head Start 2011-12	Adult Education 2010-11	Title I Grants to LEAs	Special Education Part B
Cash and investments - beginning	\$ -	\$ (20,237)	\$ -	\$ (1,573)	\$ (595)	\$ (28,492)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	73,344	161,408	933,408	7,732	36,892	138,528
Other	-	-	-	-	-	-
Total receipts	<u>73,344</u>	<u>161,408</u>	<u>933,408</u>	<u>7,732</u>	<u>36,892</u>	<u>138,528</u>
Disbursements:						
Current:						
Instruction	69,678	141,171	871,104	6,159	14,119	230
Support services	-	-	83,121	-	18,021	109,806
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,284	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	4,157	-
Total disbursements	<u>69,678</u>	<u>141,171</u>	<u>955,509</u>	<u>6,159</u>	<u>36,297</u>	<u>110,036</u>
Excess (deficiency) of receipts over disbursements	<u>3,666</u>	<u>20,237</u>	<u>(22,101)</u>	<u>1,573</u>	<u>595</u>	<u>28,492</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(3,666)	-	-	-	-	-
Total other financing sources (uses)	<u>(3,666)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>20,237</u>	<u>(22,101)</u>	<u>1,573</u>	<u>595</u>	<u>28,492</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,101)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Special Education Part B Preschool	Education Technology	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ 28	\$ -	\$ -	\$ 268,588	\$ 19,794,709
Receipts:					
Local sources	-	-	-	-	11,452,640
Intermediate sources	-	-	-	-	66
State sources	-	-	-	-	25,301,576
Federal sources	9,967	8,598	593,641	-	7,121,414
Other	-	-	-	22,531,263	22,589,695
Total receipts	<u>9,967</u>	<u>8,598</u>	<u>593,641</u>	<u>22,531,263</u>	<u>66,465,391</u>
Disbursements:					
Current:					
Instruction	-	8,598	531,543	-	22,611,134
Support services	9,995	-	131,402	-	14,877,534
Noninstructional services	-	-	-	-	2,585,278
Facilities acquisition and construction	-	-	-	-	1,212,149
Debt services	-	-	-	-	2,633,159
Nonprogrammed charges	-	-	-	22,576,446	23,059,060
Total disbursements	<u>9,995</u>	<u>8,598</u>	<u>662,945</u>	<u>22,576,446</u>	<u>66,978,314</u>
Excess (deficiency) of receipts over disbursements	<u>(28)</u>	<u>-</u>	<u>(69,304)</u>	<u>(45,183)</u>	<u>(512,923)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	146,194
Transfers in	-	-	-	-	942,837
Transfers out	-	-	-	-	(942,837)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,194</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(28)</u>	<u>-</u>	<u>(69,304)</u>	<u>(45,183)</u>	<u>(366,729)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,304)</u>	<u>\$ 223,405</u>	<u>\$ 19,427,980</u>

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

	General	Debt Service	Retirement/ Serverance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,634,399	\$ 811,226	\$ 89,398	\$ 1,226,820	\$ 2,052,908	\$ 681,795	\$ 5,782,611
Receipts:							
Local sources	280,232	1,977,932	205,368	2,770,039	2,232,237	331,908	-
Intermediate sources	36	-	-	-	-	-	-
State sources	25,029,943	-	-	-	-	-	-
Federal sources	-	-	-	173,109	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	322	-	-	14,576	-	-	-
Total receipts	<u>25,310,533</u>	<u>1,977,932</u>	<u>205,368</u>	<u>2,957,724</u>	<u>2,232,237</u>	<u>331,908</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	16,530,864	-	-	-	-	-	-
Support services	7,605,733	31,797	-	1,665,325	2,050,479	467,556	-
Noninstructional services	214,509	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,215,363	-	-	-
Debt services	-	1,930,913	214,848	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>24,351,106</u>	<u>1,962,710</u>	<u>214,848</u>	<u>2,880,688</u>	<u>2,050,479</u>	<u>467,556</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>959,427</u>	<u>15,222</u>	<u>(9,480)</u>	<u>77,036</u>	<u>181,758</u>	<u>(135,648)</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	60,073	-	-	15,753	38,307	-	-
Transfers in	17,816	-	-	-	-	-	-
Transfers out	(59,273)	(33,199)	-	-	-	-	-
Total other financing sources (uses)	<u>18,616</u>	<u>(33,199)</u>	<u>-</u>	<u>15,753</u>	<u>38,307</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>978,043</u>	<u>(17,977)</u>	<u>(9,480)</u>	<u>92,789</u>	<u>220,065</u>	<u>(135,648)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,612,442</u>	<u>\$ 793,249</u>	<u>\$ 79,918</u>	<u>\$ 1,319,609</u>	<u>\$ 2,272,973</u>	<u>\$ 546,147</u>	<u>\$ 5,782,611</u>

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

	Retirement/ Severance Bond	Post Retirement/ Severance Future Benefits	School Lunch	Textbook Rental	Centerville- Fayette-Rush Special Education Consortium	Joint Services and Supply Area Vocational School	Whitewater Technical Capital Outlay
Cash and investments - beginning	\$ 377,088	\$ 279,369	\$ 303,558	\$ 482,407	\$ 215,757	\$ 1,863,091	\$ 198,316
Receipts:							
Local sources	-	-	528,970	412,560	35,872	2,120,388	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	12,628	-	1,722	-	-
Federal sources	-	-	1,516,822	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	2,058,420	412,560	37,594	2,120,388	-
Disbursements:							
Current:							
Instruction	174,276	-	-	-	31,450	1,368,687	-
Support services	25,724	44,071	39,291	255,879	482	614,740	-
Noninstructional services	-	-	1,994,720	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	78,804
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	114,819	-
Total disbursements	200,000	44,071	2,034,011	255,879	31,932	2,098,246	78,804
Excess (deficiency) of receipts over disbursements	(200,000)	(44,071)	24,409	156,681	5,662	22,142	(78,804)
Other financing sources (uses):							
Sale of capital assets	-	-	60,172	-	-	564	-
Transfers in	-	57,527	-	33,199	-	9,617	154,000
Transfers out	-	-	-	-	-	(154,000)	-
Total other financing sources (uses)	-	57,527	60,172	33,199	-	(143,819)	154,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(200,000)	13,456	84,581	189,880	5,662	(121,677)	75,196
Cash and investments - ending	<u>\$ 177,088</u>	<u>\$ 292,825</u>	<u>\$ 388,139</u>	<u>\$ 672,287</u>	<u>\$ 221,419</u>	<u>\$ 1,741,414</u>	<u>\$ 273,512</u>

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

	Child Care Program	Magic Moments Pres	Everton After School	Alternative Education	Huffmeier Trust	Adult and Continuing Education	Qualified Zone Academy Bond 2001
Cash and investments - beginning	\$ 4,075	\$ (1,030)	\$ 16,200	\$ -	\$ 5,397	\$ 37,263	\$ 1,335,000
Receipts:							
Local sources	152,071	10,208	2,471	-	2,035	13,624	-
Intermediate sources	-	-	-	-	-	-	-
State sources	44,638	-	-	3,491	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	6,616	-	-	-	-
Total receipts	196,709	10,208	9,087	3,491	2,035	13,624	-
Disbursements:							
Current:							
Instruction	-	8,931	-	-	-	13,656	-
Support services	11,090	-	-	-	-	-	-
Noninstructional services	169,675	-	7,597	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	665,000
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	180,765	8,931	7,597	-	-	13,656	665,000
Excess (deficiency) of receipts over disbursements	15,944	1,277	1,490	3,491	2,035	(32)	(665,000)
Other financing sources (uses):							
Sale of capital assets	-	10	-	-	-	-	-
Transfers in	-	-	-	1,746	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	10	-	1,746	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	15,944	1,287	1,490	5,237	2,035	(32)	(665,000)
Cash and investments - ending	\$ 20,019	\$ 257	\$ 17,690	\$ 5,237	\$ 7,432	\$ 37,231	\$ 670,000

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

	FCSC Special Programs	Band Instruments	FCSC Gifted and Talented 2012-13	FCSC Gifted and Talented 2011-12	Tech Prep	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 5,688	\$ 1,876	\$ -	\$ 21,282	\$ 14,149	\$ 1,716	\$ 194,870
Receipts:							
Local sources	19,023	1,273	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	40,823	-	-	-	68,337
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	100	-	-	-	-	-	-
Total receipts	19,123	1,273	40,823	-	-	-	68,337
Disbursements:							
Current:							
Instruction	13,801	-	15,601	21,282	-	-	3,901
Support services	344	-	-	-	1,751	-	158,596
Noninstructional services	89	-	-	-	-	-	-
Facilities acquisition and construction	3,580	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	17,814	-	15,601	21,282	1,751	-	162,497
Excess (deficiency) of receipts over disbursements	1,309	1,273	25,222	(21,282)	(1,751)	-	(94,160)
Other financing sources (uses):							
Sale of capital assets	5,541	-	-	-	-	-	68
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	5,541	-	-	-	-	-	68
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,850	1,273	25,222	(21,282)	(1,751)	-	(94,092)
Cash and investments - ending	\$ 12,538	\$ 3,149	\$ 25,222	\$ -	\$ 12,398	\$ 1,716	\$ 100,778

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

	Connersville Holding Corporation	Young Authors	Textbook Rental State Reimbursement	Title I 2012-13	4160 Title I 2010-12	CFR Part B 2010-12
Cash and investments - beginning	\$ 27,689	\$ 7,646	\$ -	\$ -	\$ (94,553)	\$ (277,469)
Receipts:						
Local sources	-	1,671	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	190,933	-	-	-
Federal sources	-	-	-	709,628	359,465	1,075,147
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	1,671	190,933	709,628	359,465	1,075,147
Disbursements:						
Current:						
Instruction	-	-	-	518,845	118,119	546,870
Support services	-	-	-	281,502	136,312	250,808
Noninstructional services	-	-	-	26,610	10,481	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	197,826	-	-	-
Total disbursements	-	-	197,826	826,957	264,912	797,678
Excess (deficiency) of receipts over disbursements	-	1,671	(6,893)	(117,329)	94,553	277,469
Other financing sources (uses):						
Sale of capital assets	-	-	6,893	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	6,893	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,671	-	(117,329)	94,553	277,469
Cash and investments - ending	\$ 27,689	\$ 9,317	\$ -	\$ (117,329)	\$ -	\$ -

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

	CFR Part B 2012-13	Special Education Improvement	CFR Preschool 2010-12	CFR Preschool 2012-13	WTCC Adult Based Education 2012-13	WTCC Adult Based Education 2011-12
Cash and investments - beginning	\$ -	\$ -	\$ (7,005)	\$ -	\$ -	\$ (4,162)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	1,398,735	70,000	25,486	87,335	136,536	17,569
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>1,398,735</u>	<u>70,000</u>	<u>25,486</u>	<u>87,335</u>	<u>136,536</u>	<u>17,569</u>
Disbursements:						
Current:						
Instruction	1,129,047	70,000	-	-	185,443	13,331
Support services	457,972	-	18,481	94,256	3,903	76
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>1,587,019</u>	<u>70,000</u>	<u>18,481</u>	<u>94,256</u>	<u>189,346</u>	<u>13,407</u>
Excess (deficiency) of receipts over disbursements	<u>(188,284)</u>	<u>-</u>	<u>7,005</u>	<u>(6,921)</u>	<u>(52,810)</u>	<u>4,162</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(188,284)</u>	<u>-</u>	<u>7,005</u>	<u>(6,921)</u>	<u>(52,810)</u>	<u>4,162</u>
Cash and investments - ending	<u>\$ (188,284)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,921)</u>	<u>\$ (52,810)</u>	<u>\$ -</u>

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

	Vocational and Technical Board Grants 2011-12	Vocational and Technical Board Grants 2012-13	Tech Prep 2012	Medicaid Reimbursement Federal	Improving Teaching Quality No Child Left Title II, Part A 2011-12	Improving Teaching Quality No Child Left Title II, Part A 2012-13
Cash and investments - beginning	\$ 3,203	\$ -	\$ -	\$ 25,359	\$ (19,957)	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	187,108	5,254	31,349	59,985	140,212
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	187,108	5,254	31,349	59,985	140,212
Disbursements:						
Current:						
Instruction	1,512	104,094	4,992	4,281	28,521	136,588
Support services	1,691	76,925	-	-	4,928	22,584
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,203	181,019	4,992	4,281	33,449	159,172
Excess (deficiency) of receipts over disbursements	(3,203)	6,089	262	27,068	26,536	(18,960)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(9,355)	(262)	(5,471)	(6,579)	(5,766)
Total other financing sources (uses)	-	(9,355)	(262)	(5,471)	(6,579)	(5,766)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,203)	(3,266)	-	21,597	19,957	(24,726)
Cash and investments - ending	\$ -	\$ (3,266)	\$ -	\$ 46,956	\$ -	\$ (24,726)

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

	Rural Schools and Low Income Program Pass Through State	Head Start 2011-12	Head Start 2012-13	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ -	\$ (22,101)	\$ -	\$ (69,304)	\$ 223,405	\$ 19,427,980
Receipts:						
Local sources	-	-	-	-	-	11,097,882
Intermediate sources	-	-	-	-	-	36
State sources	-	-	-	-	-	25,392,515
Federal sources	91,720	147,894	932,244	234,081	-	7,226,570
Temporary loans	-	-	-	-	-	173,109
Other	-	-	-	-	22,668,369	22,689,983
Total receipts	91,720	147,894	932,244	234,081	22,668,369	66,580,095
Disbursements:						
Current:						
Instruction	-	113,930	892,811	139,893	-	22,190,726
Support services	3,500	11,063	81,921	24,884	-	14,443,664
Noninstructional services	-	-	-	-	-	2,423,681
Facilities acquisition and construction	88,222	800	-	-	-	1,386,769
Debt services	-	-	-	-	-	2,810,761
Nonprogrammed charges	-	-	-	-	22,443,141	22,755,786
Total disbursements	91,722	125,793	974,732	164,777	22,443,141	66,011,387
Excess (deficiency) of receipts over disbursements	(2)	22,101	(42,488)	69,304	225,228	568,708
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	187,381
Transfers in	-	-	-	-	-	273,905
Transfers out	-	-	-	-	-	(273,905)
Total other financing sources (uses)	-	-	-	-	-	187,381
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2)	22,101	(42,488)	69,304	225,228	756,089
Cash and investments - ending	\$ (2)	\$ -	\$ (42,488)	\$ -	\$ 448,633	\$ 20,184,069

FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 3,658,126</u>	<u>\$ 435,826</u>

FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Connersville Middle School Building Corp.	Refunding Issue of Original Capital Improvements	\$ 1,068,000	04-23-02*	12-31-26
Multi School Building Corporation	Refunding Issue of Original Capital Improvements	<u>477,500</u>	12-09-97*	12-31-14
Total of annual lease payments		<u>\$ 1,545,500</u>		

*Original date of the Lease

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds:			
Pension Bonds	Retirement and Severance	\$ 1,065,000	\$ 216,609
Qualified School Construction Bonds	Capital Improvements	1,343,753	225,000
Qualified Zone Academy Bonds	Capital Improvements	670,000	670,000
Common School Loan	Technology	25,413	25,603
Capital Projects Fund State Loan	Capital Projects Funds	<u>86,555</u>	<u>86,555</u>
Totals		<u>\$ 3,190,721</u>	<u>\$ 1,223,766</u>

FAYETTE COUNTY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2013

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

		<u>Ending Balance</u>
Governmental activities:		
Land	\$	5,500
Buildings		129,861,054
Improvements other than buildings		228,476
Machinery, equipment, and vehicles		<u>12,238,437</u>
 Total capital assets	 \$	 <u><u>142,333,467</u></u>

FAYETTE COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS (Applies to Connersville High School)

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained errors and did not balance. The outstanding check balance contained errors which caused the reconciliation not to balance. The Extra-Curricular Treasurer stated that she used an adding machine to add the outstanding checks and transferred that total to the outstanding check total on the spreadsheet used in her reconciliation. However, errors were made when she transferred the outstanding check list from the adding machine tape to the spreadsheet.

Indiana Code 5-13-6-1(e) states: "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."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Fayette County School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

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

Other Matters

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

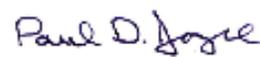
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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


Paul D. Joyce, CPA
State Examiner

January 9, 2014

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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.

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FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2012 and 2013

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY2012 FY2013	\$ 314,504 -	\$ - 324,285
Total for program				<u>314,504</u>	<u>324,285</u>
National School Lunch Program					
School Lunch Program	Indiana Department of Education	10.555	FY2012 FY2013	1,152,409 -	- 1,195,987
After School Snack Program for Children			FY2012 FY2013	16,387 -	- 13,502
Total for program				<u>1,168,796</u>	<u>1,209,489</u>
Summer Food Service Program For Children					
	Indiana Department of Education	10.559	FY2012 FY2013	39,863 -	- 72,478
Total for cluster				<u>1,523,163</u>	<u>1,606,252</u>
Child and Adult Care Food Program					
	Indiana Department of Education	10.558	FY2012 FY2013	32,183 -	- 55,057
Total for program				<u>32,183</u>	<u>55,057</u>
Total for federal grantor agency				<u>1,555,346</u>	<u>1,661,309</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	11-2395 12-2395 13-2395	326,598 732,702 -	- 359,464 709,628
Total for program				<u>1,059,300</u>	<u>1,069,092</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act					
	Indiana Department of Education	84.389	2395	36,892	-
Total for cluster				<u>1,096,192</u>	<u>1,069,092</u>

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

FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	14211-071-PN01	930,009	7,029
			14212-071-PN01	1,013,974	1,068,118
			14213-071-PN01	-	1,398,731
			Improvement	-	70,000
Total for program				<u>1,943,983</u>	<u>2,543,878</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	45711-071-PN01	11,410	-
			45712-071-PN01	73,830	25,486
			45713-071-PN01	-	87,335
Total for program				<u>85,240</u>	<u>112,821</u>
ARRA - Special Education - Grants to States, Recovery Act	Indiana Department of Education	84.391	2395	<u>138,528</u>	-
ARRA - Special Education - Preschool Grants, Recovery Act	Indiana Department of Education	84.392	2395	<u>9,967</u>	-
Total for cluster				<u>2,177,718</u>	<u>2,656,699</u>
Educational Technology State Grants Cluster					
ARRA - Education Technology State Grants, Recovery Act	Indiana Department of Education	84.386	2395	<u>8,597</u>	-
Total for cluster				<u>8,597</u>	-
Adult Education - Basic Grants to States	New Castle Community School Corporation	84.002	FY11	49,648	-
			FY12	69,685	17,569
			FY13	-	136,535
			3rd ASG	<u>7,732</u>	-
Total for program				<u>127,065</u>	<u>154,104</u>
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	FY11	4,149	-
			FY12	185,655	-
			FY13	-	187,108
			11-6200-2395	73,344	-
			13-4700-2395	-	5,254
Total for program				<u>263,148</u>	<u>192,362</u>

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

FAYETTE COUNTY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2012 and 2013
 (Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>					
Safe and Drug Free Schools and Communities	Indiana Department of Education	84.186	09-2395	9,254	-
Rural Education	Indiana Department of Education	84.358	12-2395	-	91,720
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	09-2395 10-2395 11-2395	55,171 159,011 -	- 59,984 140,211
Total for program				<u>214,182</u>	<u>200,195</u>
Education Jobs Fund	Indiana Department of Education	84.410	2395	593,641	234,081
Total for federal grantor agency				<u>4,489,797</u>	<u>4,598,253</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Grant					
Head Start Cluster					
Head Start Program	Direct Grant	93.600	05CH200019 05CH200020 05CH200021	161,407 933,404 -	- 147,893 932,242
Total for federal grantor agency				<u>1,094,811</u>	<u>1,080,135</u>
Total federal awards expended				<u>\$ 7,139,954</u>	<u>\$ 7,339,697</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Fayette County School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial 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, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011-2012	2012-2013
School Breakfast Program	10.553	\$ 25,623	\$ 30,820
National School Lunch Program	10.555	93,886	113,667

FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	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?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
84.048	Career and Technical Education - Basic Grants to States
84.410	Education Jobs Fund
	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$434,390

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

FAYETTE COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 9, 2014, with Dr. Russell Hodges, Superintendent of Schools; Jane Kellam-Tollett, Director of Finance/Treasurer; Debbie Jobe, Deputy Treasurer; and Ralph Burchett, President of the School Board. The Official Response has been made a part of this report and may be found on page 53.



Fayette County School Corporation

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Phone (765) 825-2178 • Fax (765) 825-8060

January 9, 2014

Indiana State Board of Accounts
302 Washington Street, E418
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE TO AUDIT RESULTS AND COMMENTS FOR THE PERIOD 7/1/2011 TO 6/30/2013

Bank Account Reconciliations (applies to Connersville High School)
Provided by Beth Bishop, Connersville High School Extra Curricular Treasurer

Bank account reconciliations are performed at the end of every month. Although the accounts did balance every month with the draft copies, errors were made when transferring information into the spreadsheet. Since the audit result, necessary formulas (for calculation) have been input and are functioning in the spread sheet so no human error will take place in completing the reconciliation. All monthly reconcilements completed this fiscal year, those not yet audited, have been updated as well.

Respectfully Submitted,

Dr. Russell Hodges
Superintendent

Jane Kellam-Tollett, CPA
Director of Finance