

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION
BOONE COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
04/14/2014

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.....	11
Notes to Financial Statement.....	12-16
Supplementary Information - Unaudited: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-29
Schedule of Leases	30
Schedule of Capital Assets.....	31
Audit Result and Comment: Average Daily Membership (ADM) - Lack of Records.....	32
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	34-36
Schedule of Expenditures of Federal Awards	38-39
Notes to Schedule of Expenditures of Federal Awards.....	40
Schedule of Findings and Questioned Costs	41-46
Auditee Prepared Schedule: Corrective Action Plan.....	47-50
Exit Conference.....	51
Official Response	52

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vivian Norman	01-01-11 to 06-30-14
Superintendent of Schools	Dr. Judi Hendrix	07-01-11 to 06-30-14
President of the School Board	Debbie Smith Shane Steimel	01-01-11 to 06-30-13 07-01-13 to 06-30-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Western Boone County Community 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 March 25, 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 Leases, 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 Results and Comments 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

March 25, 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 WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION, BOONE 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 Western Boone County Community 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 March 25, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be a material weakness.

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*.

Western Boone County Community School Corporation's Response to Findings

The School Corporation's response to the finding identified in our audit is described in the accompanying Official Response and Corrective Action Plan. 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

March 25, 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.

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WESTERN BOONE COUNTY COMMUNITY 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	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 1,878,331	\$ 10,430,760	\$ 10,391,746	\$ 12,216	\$ 1,929,561	\$ 10,799,629	\$ 10,804,802	\$ 12,927	\$ 1,937,315
Debt Service	1,967,090	3,240,668	3,217,264	-	1,990,494	3,290,315	3,240,693	-	2,040,116
Capital Projects	602,102	1,299,733	1,519,409	-	382,426	1,608,887	1,430,736	(257,562)	303,015
School Transportation	639,685	1,148,725	1,072,306	(36,849)	679,255	1,216,914	1,144,841	(100,000)	651,328
School Bus Replacement	360,749	363,184	392,605	(45,000)	286,328	283,588	505,738	(18,000)	46,178
Rainy Day	487,300	-	-	100,000	587,300	-	-	375,562	962,862
Construction	622	-	-	-	622	-	-	-	622
School Lunch	399,459	824,600	804,001	-	420,058	869,868	825,866	-	464,060
Textbook Rental	68,404	183,885	159,868	-	92,421	174,286	80,961	-	185,746
Levy Excess	18,151	-	-	(18,151)	-	-	-	-	-
SAFE School Haven	2,345	-	2,345	-	-	12,427	14,444	-	(2,017)
Donation-Tompkins	4,000	-	2,316	-	1,684	-	1,579	-	105
Donation-Heffner	-	-	-	-	-	3,200	460	-	2,740
WEBO Education Foundation	117,265	44,696	21,499	-	140,462	37,501	31,694	-	146,269
Radio/TV Voc Ed Program	4,826	8,593	10,026	-	3,393	9,606	5,851	-	7,148
PGA-Professional Development	213	-	213	-	-	-	-	-	-
Adult Education	39,058	15,915	16,841	-	38,132	7,369	9,215	-	36,286
High Ability Grant-GT	-	31,160	31,160	-	-	33,864	20,937	(12,927)	-
Medicaid Reimbursement	178	-	-	-	178	-	-	-	178
Non-English Speaking Programs	568	-	-	-	568	-	-	-	568
School Technology	13,635	16,936	28,960	-	1,611	28,025	23,808	-	5,828
Community Action Grant	7,493	-	7,493	-	-	-	-	-	-
PreSchool Grant	-	10,200	6,865	-	3,335	10,665	3,432	-	10,568
Synergy Leadership Grant	1,894	-	1,015	-	879	-	-	-	879
YAR-Earthly Athletes	67	-	-	-	67	-	67	-	-
Lilly Grant-WB-D Gray	-	750	750	-	-	-	-	-	-
Kiwanis Club-CPR	500	-	500	-	-	-	-	-	-
YAR-Mentor Grant-Western Boone	2,243	1,771	2,258	-	1,756	947	650	-	2,053
Bear Grant-Technology	-	-	-	-	-	772	625	-	147
Strategic Planning Grant	8,604	5,000	5,500	-	8,104	8,000	5,447	-	10,657
Wellness Program	812	5,240	3,806	-	2,246	4,177	6,093	-	330
Smart Resolutions	27,325	-	7,656	11,238	30,907	-	60	-	30,847
Title I	-	159,305	170,372	-	(11,067)	144,362	141,536	-	(8,241)
Special Education Improvement Grant	-	-	2,656	-	(2,656)	42,425	39,769	-	-
Special Education-PreSchool	-	-	-	-	-	11,144	11,144	-	-
Title IV-Drug Free Schools	-	757	757	-	-	-	-	-	-
Tech Prep Grant	-	13,023	13,023	-	-	-	-	-	-
Title II-Improving Teacher Quality	-	35,177	26,611	(12,216)	(3,650)	46,565	45,940	-	(3,025)
Title III-English Proficiency	1,664	-	748	-	916	-	74	-	842
Special Education-Part B (Stimulus)	-	12,237	8,443	(3,794)	-	-	-	-	-
Education Jobs	-	185,023	223,308	(7,444)	(45,729)	75,802	30,073	-	-
Payroll	87,743	2,590,029	2,622,220	-	55,552	2,596,350	2,605,986	-	45,916
Totals	\$ 6,742,326	\$ 20,627,367	\$ 20,774,540	\$ -	\$ 6,595,153	\$ 21,316,688	\$ 21,032,521	\$ -	\$ 6,879,320

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

WESTERN BOONE COUNTY COMMUNITY 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, and other similar fees.

WESTERN BOONE COUNTY COMMUNITY 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, 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, 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, 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:

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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
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 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.

WESTERN BOONE COUNTY COMMUNITY 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. 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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Additional Pension Plans

The School Corporation also contributes to additional pension plans unique to the School Corporation. The VALIC Annuity Plan applies to both certified and noncertified employees. The contribution amount depends on an employee's years of service with the School Corporation. For certified employees, the School Corporation contributes a flat rate of \$850 per year for 0 to 5 years of service, \$900 for 6 to 10 years of service, and \$950 for more than 10 years of service. The employee is required to match in order to receive this benefit. For non-certified employees, annual contributions are as follows: a flat rate of \$200 a year for 1 to 5 years of service, \$400 for 6 to 10 years of service, and \$600 for more than 10 years of service. The employee is required to contribute \$50 annually in order to receive this benefit. In addition to the VALIC Annuity Plan, the School Corporation contributes a percentage of gross pay each pay period into a VALIC account for full-time, noncertified employees who have completed 1 year of service with the School Corporation. The percentages are 4.5 percent, 3.75 percent, and 3 percent and are dependent upon the employee's position with the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

All of the funds with deficits in cash are funds established for reimbursement grants. The negative cash balances resulted from the School Corporation not having received reimbursements for grant expenditures by fiscal year end.

Note 8. Holding Corporation

The School Corporation has entered into capital leases with Western Boone Multi-School Building Corporation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during fiscal years 2011-2012 and 2012-2013 totaled \$3,194,500 and \$3,224,875, respectively.

Note 9. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: Retired certified staff may remain on the School Corporation's health insurance plan. The School Corporation contributes an amount equal to the premium under the single plan, and the balance of the premium, if any, is paid by the retiree.

Certified employees receive payment for any accrued and unused sick days at the rate of \$70 per day up to a maximum of 110 days. This amount is placed into the employee's VALIC account by the School Corporation.

These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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.

WESTERN BOONE COUNTY COMMUNITY 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,878,331	\$ 1,967,090	\$ 602,102	\$ 639,685	\$ 360,749	\$ 487,300	\$ 622	\$ 399,459
Receipts:								
Local sources	185,566	3,240,668	1,286,044	1,148,700	363,184	-	-	477,145
Intermediate sources	50	-	-	-	-	-	-	-
State sources	9,934,448	-	-	-	-	-	-	12,021
Federal sources	306,227	-	-	-	-	-	-	335,434
Other	4,469	-	13,689	25	-	-	-	-
Total receipts	<u>10,430,760</u>	<u>3,240,668</u>	<u>1,299,733</u>	<u>1,148,725</u>	<u>363,184</u>	<u>-</u>	<u>-</u>	<u>824,600</u>
Disbursements:								
Current:								
Instruction	7,381,328	-	-	-	-	-	-	-
Support services	2,927,468	-	872,135	1,072,306	392,605	-	-	-
Noninstructional services	82,950	-	-	-	-	-	-	804,001
Facilities acquisition and construction	-	-	647,274	-	-	-	-	-
Debt services	-	3,217,264	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>10,391,746</u>	<u>3,217,264</u>	<u>1,519,409</u>	<u>1,072,306</u>	<u>392,605</u>	<u>-</u>	<u>-</u>	<u>804,001</u>
Excess (deficiency) of receipts over disbursements	<u>39,014</u>	<u>23,404</u>	<u>(219,676)</u>	<u>76,419</u>	<u>(29,421)</u>	<u>-</u>	<u>-</u>	<u>20,599</u>
Other financing sources (uses):								
Transfers in	12,216	-	-	18,151	-	100,000	-	-
Transfers out	-	-	-	(55,000)	(45,000)	-	-	-
Total other financing sources (uses)	<u>12,216</u>	<u>-</u>	<u>-</u>	<u>(36,849)</u>	<u>(45,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>51,230</u>	<u>23,404</u>	<u>(219,676)</u>	<u>39,570</u>	<u>(74,421)</u>	<u>100,000</u>	<u>-</u>	<u>20,599</u>
Cash and investments - ending	<u>\$ 1,929,561</u>	<u>\$ 1,990,494</u>	<u>\$ 382,426</u>	<u>\$ 679,255</u>	<u>\$ 286,328</u>	<u>\$ 587,300</u>	<u>\$ 622</u>	<u>\$ 420,058</u>

WESTERN BOONE COUNTY COMMUNITY 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)

	Textbook Rental	Levy Excess	SAFE School Haven	Donation- Tompkins	Donation- Heffner	WEBO Education Foundation	Radio/TV Voc Ed Program
Cash and investments - beginning	\$ 68,404	\$ 18,151	\$ 2,345	\$ 4,000	\$ -	\$ 117,265	\$ 4,826
Receipts:							
Local sources	110,755	-	-	-	-	1,145	8,593
Intermediate sources	-	-	-	-	-	-	-
State sources	71,757	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	1,373	-	-	-	-	43,551	-
Total receipts	<u>183,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,696</u>	<u>8,593</u>
Disbursements:							
Current:							
Instruction	-	-	2,345	2,316	-	7,749	10,026
Support services	159,868	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	13,750	-
Total disbursements	<u>159,868</u>	<u>-</u>	<u>2,345</u>	<u>2,316</u>	<u>-</u>	<u>21,499</u>	<u>10,026</u>
Excess (deficiency) of receipts over disbursements	<u>24,017</u>	<u>-</u>	<u>(2,345)</u>	<u>(2,316)</u>	<u>-</u>	<u>23,197</u>	<u>(1,433)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(18,151)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(18,151)</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>24,017</u>	<u>(18,151)</u>	<u>(2,345)</u>	<u>(2,316)</u>	<u>-</u>	<u>23,197</u>	<u>(1,433)</u>
Cash and investments - ending	<u>\$ 92,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,684</u>	<u>\$ -</u>	<u>\$ 140,462</u>	<u>\$ 3,393</u>

WESTERN BOONE COUNTY COMMUNITY 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)

	PGA- Professional Development	Adult Education	High Ability Grant-GT	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Community Action Grant
Cash and investments - beginning	\$ 213	\$ 39,058	\$ -	\$ 178	\$ 568	\$ 13,635	\$ 7,493
Receipts:							
Local sources	-	15,831	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	31,160	-	-	16,936	-
Federal sources	-	-	-	-	-	-	-
Other	-	84	-	-	-	-	-
Total receipts	-	15,915	31,160	-	-	16,936	-
Disbursements:							
Current:							
Instruction	213	16,841	31,160	-	-	28,960	7,493
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	213	16,841	31,160	-	-	28,960	7,493
Excess (deficiency) of receipts over disbursements	(213)	(926)	-	-	-	(12,024)	(7,493)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(213)	(926)	-	-	-	(12,024)	(7,493)
Cash and investments - ending	\$ -	\$ 38,132	\$ -	\$ 178	\$ 568	\$ 1,611	\$ -

WESTERN BOONE COUNTY COMMUNITY 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)

	PreSchool Grant	Synergy Leadership Grant	YAR- Earthy Athletes	Lilly Grant- WB- D Gray	Kiwanis Club- CPR	YAR- Mentor Grant- Western Boone	Bear Grant- Technology
Cash and investments - beginning	\$ -	\$ 1,894	\$ 67	\$ -	\$ 500	\$ 2,243	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	10,200	-	-	750	-	1,771	-
Total receipts	10,200	-	-	750	-	1,771	-
Disbursements:							
Current:							
Instruction	6,865	1,015	-	750	500	2,258	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	6,865	1,015	-	750	500	2,258	-
Excess (deficiency) of receipts over disbursements	3,335	(1,015)	-	-	(500)	(487)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,335	(1,015)	-	-	(500)	(487)	-
Cash and investments - ending	\$ 3,335	\$ 879	\$ 67	\$ -	\$ -	\$ 1,756	\$ -

WESTERN BOONE COUNTY COMMUNITY 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)

	Strategic Planning Grant	Wellness Program	Smart Resolutions	Title I	Special Education Improvement Grant	Special Education- PreSchool	Title IV- Drug Free Schools
Cash and investments - beginning	\$ 8,604	\$ 812	\$ 27,325	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	159,305	-	-	757
Other	5,000	5,240	-	-	-	-	-
Total receipts	5,000	5,240	-	159,305	-	-	757
Disbursements:							
Current:							
Instruction	-	3,806	7,656	170,372	2,656	-	757
Support services	5,500	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	5,500	3,806	7,656	170,372	2,656	-	757
Excess (deficiency) of receipts over disbursements	(500)	1,434	(7,656)	(11,067)	(2,656)	-	-
Other financing sources (uses):							
Transfers in	-	-	11,238	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	11,238	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	1,434	3,582	(11,067)	(2,656)	-	-
Cash and investments - ending	\$ 8,104	\$ 2,246	\$ 30,907	\$ (11,067)	\$ (2,656)	\$ -	\$ -

WESTERN BOONE COUNTY COMMUNITY 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)

	Tech Prep Grant	Title II- Improving Teacher Quality	Title III- English Proficiency	Special Education- Part B (Stimulus)	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 1,664	\$ -	\$ -	\$ 87,743	\$ 6,742,326
Receipts:							
Local sources	-	-	-	-	-	-	6,837,631
Intermediate sources	-	-	-	-	-	-	50
State sources	-	-	-	-	-	-	10,066,322
Federal sources	13,023	35,177	-	12,237	185,023	-	1,047,183
Other	-	-	-	-	-	2,590,029	2,676,181
Total receipts	13,023	35,177	-	12,237	185,023	2,590,029	20,627,367
Disbursements:							
Current:							
Instruction	13,023	26,611	748	8,443	223,308	-	7,957,199
Support services	-	-	-	-	-	-	5,429,882
Noninstructional services	-	-	-	-	-	-	886,951
Facilities acquisition and construction	-	-	-	-	-	-	647,274
Debt services	-	-	-	-	-	-	3,217,264
Nonprogrammed charges	-	-	-	-	-	2,622,220	2,635,970
Total disbursements	13,023	26,611	748	8,443	223,308	2,622,220	20,774,540
Excess (deficiency) of receipts over disbursements	-	8,566	(748)	3,794	(38,285)	(32,191)	(147,173)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	141,605
Transfers out	-	(12,216)	-	(3,794)	(7,444)	-	(141,605)
Total other financing sources (uses)	-	(12,216)	-	(3,794)	(7,444)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,650)	(748)	-	(45,729)	(32,191)	(147,173)
Cash and investments - ending	\$ -	\$ (3,650)	\$ 916	\$ -	\$ (45,729)	\$ 55,552	\$ 6,595,153

WESTERN BOONE COUNTY COMMUNITY 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	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,929,561	\$ 1,990,494	\$ 382,426	\$ 679,255	\$ 286,328	\$ 587,300	\$ 622	\$ 420,058
Receipts:								
Local sources	198,896	3,290,315	1,313,333	1,211,895	283,588	-	-	494,326
Intermediate sources	27	-	-	-	-	-	-	-
State sources	10,241,851	-	-	-	-	-	-	12,426
Federal sources	356,422	-	-	-	-	-	-	363,116
Other	2,433	-	295,554	5,019	-	-	-	-
Total receipts	<u>10,799,629</u>	<u>3,290,315</u>	<u>1,608,887</u>	<u>1,216,914</u>	<u>283,588</u>	<u>-</u>	<u>-</u>	<u>869,868</u>
Disbursements:								
Current:								
Instruction	7,581,089	-	-	-	-	-	-	-
Support services	3,136,644	-	817,396	1,144,841	505,738	-	-	-
Noninstructional services	87,069	-	-	-	-	-	-	825,866
Facilities acquisition and construction	-	-	613,340	-	-	-	-	-
Debt services	-	3,240,693	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>10,804,802</u>	<u>3,240,693</u>	<u>1,430,736</u>	<u>1,144,841</u>	<u>505,738</u>	<u>-</u>	<u>-</u>	<u>825,866</u>
Excess (deficiency) of receipts over disbursements	<u>(5,173)</u>	<u>49,622</u>	<u>178,151</u>	<u>72,073</u>	<u>(222,150)</u>	<u>-</u>	<u>-</u>	<u>44,002</u>
Other financing sources (uses):								
Transfers in	12,927	-	-	-	-	375,562	-	-
Transfers out	-	-	(257,562)	(100,000)	(18,000)	-	-	-
Total other financing sources (uses)	<u>12,927</u>	<u>-</u>	<u>(257,562)</u>	<u>(100,000)</u>	<u>(18,000)</u>	<u>375,562</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>7,754</u>	<u>49,622</u>	<u>(79,411)</u>	<u>(27,927)</u>	<u>(240,150)</u>	<u>375,562</u>	<u>-</u>	<u>44,002</u>
Cash and investments - ending	<u>\$ 1,937,315</u>	<u>\$ 2,040,116</u>	<u>\$ 303,015</u>	<u>\$ 651,328</u>	<u>\$ 46,178</u>	<u>\$ 962,862</u>	<u>\$ 622</u>	<u>\$ 464,060</u>

WESTERN BOONE COUNTY COMMUNITY 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)

	Textbook Rental	Levy Excess	SAFE School Haven	Donation- Tompkins	Donation- Heffner	WEBO Education Foundation	Radio/TV Voc Ed Program
Cash and investments - beginning	\$ 92,421	\$ -	\$ -	\$ 1,684	\$ -	\$ 140,462	\$ 3,393
Receipts:							
Local sources	123,792	-	-	-	-	-	9,606
Intermediate sources	-	-	-	-	-	-	-
State sources	50,494	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	12,427	-	3,200	37,501	-
Total receipts	<u>174,286</u>	<u>-</u>	<u>12,427</u>	<u>-</u>	<u>3,200</u>	<u>37,501</u>	<u>9,606</u>
Disbursements:							
Current:							
Instruction	-	-	14,444	1,579	460	12,944	5,851
Support services	80,961	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	18,750	-
Total disbursements	<u>80,961</u>	<u>-</u>	<u>14,444</u>	<u>1,579</u>	<u>460</u>	<u>31,694</u>	<u>5,851</u>
Excess (deficiency) of receipts over disbursements	<u>93,325</u>	<u>-</u>	<u>(2,017)</u>	<u>(1,579)</u>	<u>2,740</u>	<u>5,807</u>	<u>3,755</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>93,325</u>	<u>-</u>	<u>(2,017)</u>	<u>(1,579)</u>	<u>2,740</u>	<u>5,807</u>	<u>3,755</u>
Cash and investments - ending	<u>\$ 185,746</u>	<u>\$ -</u>	<u>\$ (2,017)</u>	<u>\$ 105</u>	<u>\$ 2,740</u>	<u>\$ 146,269</u>	<u>\$ 7,148</u>

WESTERN BOONE COUNTY COMMUNITY 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)

	PGA- Professional Development	Adult Education	High Ability Grant-GT	Medicaid Reimbursement	Non-English Speaking Programs	School Technology	Community Action Grant
Cash and investments - beginning	\$ -	\$ 38,132	\$ -	\$ 178	\$ 568	\$ 1,611	\$ -
Receipts:							
Local sources	-	7,369	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	33,864	-	-	28,025	-
Federal sources	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	7,369	33,864	-	-	28,025	-
Disbursements:							
Current:							
Instruction	-	9,215	20,937	-	-	23,808	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	9,215	20,937	-	-	23,808	-
Excess (deficiency) of receipts over disbursements	-	(1,846)	12,927	-	-	4,217	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(12,927)	-	-	-	-
Total other financing sources (uses)	-	-	(12,927)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,846)	-	-	-	4,217	-
Cash and investments - ending	\$ -	\$ 36,286	\$ -	\$ 178	\$ 568	\$ 5,828	\$ -

WESTERN BOONE COUNTY COMMUNITY 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)

	PreSchool Grant	Synergy Leadership Grant	YAR- Earthy Athletes	Lilly Grant- WB- D Gray	Kiwanis Club- CPR	YAR- Mentor Grant- Western Boone	Bear Grant- Technology
Cash and investments - beginning	\$ 3,335	\$ 879	\$ 67	\$ -	\$ -	\$ 1,756	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other	10,665	-	-	-	-	947	772
Total receipts	<u>10,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>947</u>	<u>772</u>
Disbursements:							
Current:							
Instruction	3,432	-	67	-	-	650	625
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>3,432</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>625</u>
Excess (deficiency) of receipts over disbursements	<u>7,233</u>	<u>-</u>	<u>(67)</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>147</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>7,233</u>	<u>-</u>	<u>(67)</u>	<u>-</u>	<u>-</u>	<u>297</u>	<u>147</u>
Cash and investments - ending	<u>\$ 10,568</u>	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,053</u>	<u>\$ 147</u>

WESTERN BOONE COUNTY COMMUNITY 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)

	Strategic Planning Grant	Wellness Program	Smart Resolutions	Title I	Special Education Improvement Grant	Special Education- PreSchool	Title IV- Drug Free Schools
Cash and investments - beginning	\$ 8,104	\$ 2,246	\$ 30,907	\$ (11,067)	\$ (2,656)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	144,362	42,425	11,144	-
Other	8,000	4,177	-	-	-	-	-
Total receipts	<u>8,000</u>	<u>4,177</u>	<u>-</u>	<u>144,362</u>	<u>42,425</u>	<u>11,144</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	6,093	60	141,536	39,769	11,144	-
Support services	5,447	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>5,447</u>	<u>6,093</u>	<u>60</u>	<u>141,536</u>	<u>39,769</u>	<u>11,144</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,553</u>	<u>(1,916)</u>	<u>(60)</u>	<u>2,826</u>	<u>2,656</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>2,553</u>	<u>(1,916)</u>	<u>(60)</u>	<u>2,826</u>	<u>2,656</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,657</u>	<u>\$ 330</u>	<u>\$ 30,847</u>	<u>\$ (8,241)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WESTERN BOONE COUNTY COMMUNITY 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)

	Tech Prep Grant	Title II- Improving Teacher Quality	Title III- English Proficiency	Special Education- Part B (Stimulus)	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ -	\$ (3,650)	\$ 916	\$ -	\$ (45,729)	\$ 55,552	\$ 6,595,153
Receipts:							
Local sources	-	-	-	-	-	-	6,933,120
Intermediate sources	-	-	-	-	-	-	27
State sources	-	-	-	-	-	-	10,366,660
Federal sources	-	46,565	-	-	75,802	-	1,039,836
Other	-	-	-	-	-	2,596,350	2,977,045
Total receipts	-	46,565	-	-	75,802	2,596,350	21,316,688
Disbursements:							
Current:							
Instruction	-	45,940	74	-	30,073	-	7,949,790
Support services	-	-	-	-	-	-	5,691,027
Noninstructional services	-	-	-	-	-	-	912,935
Facilities acquisition and construction	-	-	-	-	-	-	613,340
Debt services	-	-	-	-	-	-	3,240,693
Nonprogrammed charges	-	-	-	-	-	2,605,986	2,624,736
Total disbursements	-	45,940	74	-	30,073	2,605,986	21,032,521
Excess (deficiency) of receipts over disbursements	-	625	(74)	-	45,729	(9,636)	284,167
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	388,489
Transfers out	-	-	-	-	-	-	(388,489)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	625	(74)	-	45,729	(9,636)	284,167
Cash and investments - ending	\$ -	\$ (3,025)	\$ 842	\$ -	\$ -	\$ 45,916	\$ 6,879,320

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES
 June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Western Boone Multi-School Building Corporation, 2008 Lease	Refinance 1994 and 1999 capital leases	\$ 1,835,875	06-30-08	12-31-19
Western Boone Multi-School Building Corporation, 2009 Lease	Renovations to both elementary schools and the Jr./Sr. High School	<u>1,422,000</u>	12-31-10	06-30-29
Total of annual lease payments		<u><u>\$ 3,257,875</u></u>		

WESTERN BOONE COUNTY COMMUNITY 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:	
Buildings	\$ 41,706,979
Machinery, equipment, and vehicles	2,189,082
Transportation equipment	<u>2,824,811</u>
Total capital assets	<u>\$ 46,720,871</u>

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership claimed was accurate.

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

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

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE WESTERN BOONE COUNTY COMMUNITY
SCHOOL CORPORATION, BOONE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Western Boone County Community 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.

Basis for Qualified Opinion on Child Nutrition Cluster and Special Education Cluster

As described in items 2013-004 and 2013-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Equipment and Real Property Management that are applicable to its Child Nutrition Cluster and Special Education Cluster programs. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Qualified Opinion on Child Nutrition Cluster and Special Education Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 the Child Nutrition Cluster and the Special Education Cluster for the period of July 1, 2011 to June 30, 2013.

Other Matters

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002 and 2013-003 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. 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.

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

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

March 25, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency 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
DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY2012 FY2013	\$ 59,290 -	\$ - <u>68,419</u>
Total - School Breakfast Program				<u>59,290</u>	<u>68,419</u>
National School Lunch Program	Indiana Department of Education	10.555	FY2012 FY2013	344,123 -	- <u>368,037</u>
Total - National School Lunch Program				<u>344,123</u>	<u>368,037</u>
Total - Child Nutrition Cluster				<u>403,413</u>	<u>436,456</u>
Total Department of Agriculture				<u>403,413</u>	<u>436,456</u>
DEPARTMENT OF EDUCATION					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	11-0615 12-0615 13-0615	6,561 152,744 -	- 24,473 <u>119,889</u>
Total - Title I, Part A Cluster				<u>159,305</u>	<u>144,362</u>
Special Education Cluster					
Special Education - Grants to States	Community Schools of Frankfort Lebanon Community School Corporation Indiana Department of Education	84.027	14211-099-PN01 14212-099-PN01 14213-099-PN01 7000H027A100084	62,820 233,775 - -	- 58,023 289,325 <u>42,425</u>
Total - Special Education - Grants to States				<u>296,595</u>	<u>389,773</u>

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2012 and 2013
 (Continued)

Federal Grantor Agency 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>DEPARTMENT OF EDUCATION (continued)</u>					
Special Education Cluster (continued)					
Special Education - Preschool Grants	Lebanon Community School Corporation	84.173	45713-099-PN01	-	11,144
ARRA - Special Education Grants to States, Recovery Act	Community Schools of Frankfort	84.391	33310-615-SN01	12,237	-
Total - Special Education Cluster				<u>308,832</u>	<u>400,917</u>
Career and Technical Education - Basic Grants to States	Crawfordsville Community School Corporation	84.048	0615	9,632	9,074
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	09-0615	757	-
Tech-Prep Education	Southeast Fountain School Corporation	84.243	PLTW 2011-2012	13,023	-
English Language Acquisition State Grants	Wabash Valley Education Center	84.365	FY2010-11	748	74
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	10-0615 11-0615 12-0615	3,211 31,966 -	- 13,644 32,922
Total - Improving Teacher Quality State Grant				<u>35,177</u>	<u>46,566</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY2010-11	185,023	75,802
Total Department of Education				<u>712,497</u>	<u>676,795</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Block Grants for Prevention and Treatment of Substance Abuse	Purdue University	93.959	0615	7,656	60
Total Department of Health and Human Services				<u>7,656</u>	<u>60</u>
Total Federal Awards Expended				<u>\$ 1,123,566</u>	<u>\$ 1,113,311</u>

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

WESTERN BOONE COUNTY COMMUNITY 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 Western Boone County Community 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	2012	2013
School Breakfast Program	10.553	\$ 10,126	\$ 11,497
National School Lunch Program	10.555	58,965	61,843

WESTERN BOONE COUNTY COMMUNITY 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

 Qualified as to Child Nutrition Cluster
 Qualified as to Special Education Cluster

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes
--	-----

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee?	no
--	----

Section II – Financial Statement Finding

FINDING 2013-001 - INTERNAL CONTROL OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation has not established a review process over the SEFA. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2012, FY 2013

Pass-Through Entity: Indiana Department of Education

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

Cash Management Reporting: There is no documented review and approval of reimbursement requests prior to submission.

Equipment and Real Property Management: There is no documented review process in place to ensure assets acquired are capitalized, through the posting to the capital asset records, in accordance with School Corporation policy and federal requirements.

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

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

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

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

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

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE SPECIAL EDUCATION CLUSTER

Federal Agency: Department of Education

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

CFDA Number: 84.027, 84.173, 84.391

Federal Award Number and Year (or Other Identifying Number): 14211-099-PN01, 14212-099-PN01,
14213-099-PN01, 7000H027A100084,
45713-099-PN01, 33310-615-SN01

Pass-Through Entity: Indiana Department of Education, Community Schools
of Frankfort, Lebanon Community School Corporation

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability, Reporting, Equipment and Real Property Management, Matching, Level of Effort, Earmarking, and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability, and Reporting: There is no documented review and approval of the reimbursement requests prior to submission.

Equipment and Real Property Management: There is no documented review process in place to ensure assets acquired are capitalized through the posting to the capital asset records in accordance with School Corporation policy and federal requirements.

Matching, Level of Effort, and Earmarking: There is no documented review and approval of the Maintenance of Fiscal Effort reports prior to submission.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provision: There is no review of the establishment of the separate ARRA fund.

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

OMB Circular A-133, Subpart C, section .300 states in part:

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

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

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

***FINDING 2013-004 - EQUIPMENT AND REAL PROPERTY MANAGEMENT
COMPLIANCE REQUIREMENT FOR THE CHILD NUTRITION CLUSTER***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2012, FY 2013

Pass-Through Entity: Indiana Department of Education

The School Corporation did not capitalize, through the posting to the capital asset records, equipment purchased with funds from the Child Nutrition Cluster. The equipment purchased should have been capitalized to comply with School Corporation policy and the federal requirements. The School Corporation did not perform a physical inventory every two years as required.

7 CFR 3015.169 states:

"Recipient procedures for managing equipment shall, as a minimum, meet the following requirements (including replacement equipment) until such actions as transfer, replacement, or disposal takes place:

- (a) Property records shall be maintained accurately. (Subpart D of this part contains retention and access requirements for these records.) The records shall include for each item of equipment the following:

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) A description of the equipment including manufacturer's serial numbers.
 - (2) An identification number, such as the manufacturer's serial number.
 - (3) Identification of the grant under which the recipient acquired the equipment.
 - (4) The information needed to calculate the Federal share of the equipment (see §3015.172).
 - (5) Acquisition date and unit acquisition cost.
 - (6) Location, use and condition of the equipment and the date the information was reported.
 - (7) All pertinent information on the ultimate transfer, replacement, or disposal of the equipment.
- (b) Every two years, at a minimum, a physical inventory shall be conducted and the results reconciled with the property records to verify the existence, current utilization, and continued need for the equipment. Any discrepancies between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the differences.
- (c) In order to insure adequate safeguards to prevent loss, damage or theft of equipment, a control system shall be used. Any loss, damage or theft of equipment shall be investigated and fully documented. The awarding agency may require a report of the circumstances involving the loss, damage, or theft of equipment.
- (d) In order to keep the equipment in good condition, adequate maintenance procedures shall be implemented.
- (e) Where equipment is to be sold and the Federal government is to have a right to part or all of the proceeds, selling procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return."

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 that the School Corporation prepare and maintain accurate detailed capital asset records and that inventories of Property and Equipment and construction-in-progress are conducted at least once every two years and reconciled to the detailed capital asset 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.

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

**FINDING 2013-005 - EQUIPMENT AND REAL PROPERTY MANAGEMENT
COMPLIANCE REQUIREMENT FOR THE SPECIAL EDUCATION CLUSTER**

Federal Agency: Department of Education
Federal Program: Special Education - Grants to States
CFDA Number: 84.027
Federal Award Number and Year (or Other Identifying Number): 7000H027A100084
Pass-Through Entity: Indiana Department of Education

The School Corporation did not capitalize, through the posting to the capital asset records, equipment purchased with funds from the Special Education Improvement Grant. The equipment purchased should have been capitalized to comply with School Corporation policy and the federal requirements. The School Corporation did not perform a physical inventory every two years as required.

34 CFR 80.32(d) states:

"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."

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 that the School Corporation prepare and maintain accurate detailed capital asset records and that inventories of Property and Equipment and construction-in-progress are conducted at least once every two years and reconciled to the detailed capital asset 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.



March 25, 2014

Section II – Financial Statement Finding

CORRECTIVE ACTION PLAN:

Finding 2013-001 – Internal Control Over The Preparation Of The Schedule of Expenditures of Federal Awards

- 1) The audit stated that the school corporation has not established a review process over the SEFA report and should have controls in place in the preparation and review to ensure accurate reporting of federal awards
- 2) The Western Boone School Corporation will correct the how the SEFA report is generated and finalized to attempt to ensure that all the information is accurate and complete.
- 3) The Business Manager will generate the SEFA report. If a Federal grant falls under the Director of Curriculum, that position will review those particular figures. The Superintendent will have the final review of the completed form.
- 4) The next SEFA report will not be due until the next audit which will be for the 2013-2015 audit period.



Dr. Judi Hendrix
Superintendent



Vivian Norman
Business Manager/Treasurer

March 25, 2014

Section III – Federal Awards Findings and Questioned Costs

CORRECTIVE ACTION PLAN:

FINDING 2013-002 – Internal Controls Over Compliance Requirements That Have A Direct And Material Effect To The School Breakfast Program And National School Lunch Program

- 1) Cash Management and Reporting – there is no documented review and approval of reimbursement requests prior to submission; Equipment and Real Property Management – there is no documented review process in place to ensure assets acquired are capitalized, through the posting to the capital asset records.
- 2) The Western Boone School Corporation will have a second person review and verify the figures before a reimbursement is submitted. The School Lunch Director will make a communication to the Business Manager when there is a capital asset item purchased to ensure the purchase gets recorded.
- 3) Western Boone’s Head Cook and School Lunch Director will review and verify the all monthly figures prior to a reimbursement being submitted. The School Lunch Director and the Business Manager will be in communication to ensure all required purchases are capitalized according to board policy.
- 4) The corrective actions have been implemented immediately.

FINDING 2013-003 – Internal Controls Over Compliance Requirements That Have A Direct And Material Effect To The Special Education – Grants To States, Special Education Improvement Grant, Special Education-Preschool Grants, And ARRA-Special Education Grants To States, Recovery Act

- 1) Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Availability, and Reporting – there is no review of the establishment of the separate ARRA fund, there is no documented review and approval of the reimbursement requests prior to submission; Equipment and Real Property Management – there is no documented review process in place to ensure assets records acquired are capitalized through the posting to the capital asset records in accordance with School Corporation policy and federal requirements; there is no documented review and approval of the Maintenance of Fiscal Effort reports prior to submission
- 2) Per the establishment of a separate ARRA fund, the Superintendent, Director of Curriculum, and Director of Technology worked together in establishing this fund; however, our file did not denote their signatures as such. In the future we will make sure all personnel working to establish such grants is denoted. After the Business

Manager generates all reimbursement requests, a second individual will verify the information and figures prior to a reimbursement submission. There will be a double checking process that all equipment which needs to be capitalized per board policy is recorded. In prior years, the Maintenance of Fiscal Effort has been reviewed by the Superintendent prior to the submission; however, a signature was not denoted in our files which we will make sure is now denoted. The equipment purchased through the ARRA grant has been capitalized and added into the capital asset records per the School Corporation policy and denoted as such.

- 3) The Business Manager will be the main person responsible for generating the reimbursement request, capitalizing equipment, and generating the Maintenance of Fiscal Effort. The verifying individual may vary depending on the grant: Superintendent, Director of Curriculum, or Director of Technology.
- 4) The corrective actions have been implemented immediately.

FINDING 2013-004 - Equipment and Real Property Management Compliance Requirement For The School Breakfast and National School Lunch Program

- 1) The School Corporation did not capitalize, through posting to the capital asset records, equipment purchased from the Child Nutrition Cluster. The equipment purchased should have been capitalized to comply with School Corporation policy and the federal requirements. The School Corporation did not perform a physical inventory every two years as required.
- 2) The equipment purchased through the School Breakfast and National School Lunch Program have been capitalized and added into the capital asset records per the School Corporation policy and denoted as a federal funds purchase. The physical inventory will be performed every two years as required.
- 3) The School Lunch Director and the Business Manager will ensure that all required equipment is capitalized when necessary. The Business Manager will ensure that a physical inventory is performed every two years.
- 4) The corrective actions have been implemented immediately.

FINDING 2013-005 - Equipment and Real Property Management Compliance Requirement for Special Education Improvement Grant

- 1) The School Corporation did not capitalize, through the posting to the capital asset records, equipment purchased with funds from the Special Education Improvement Grant. The equipment purchased should have been capitalized to comply with School Corporation policy and the federal requirements. The School Corporation did not perform a physical inventory every two years as required.

- 2) The equipment purchased through the Special Education Improvement Grant has been capitalized and added into the capital assets records and denoted it was purchased with federal funds. The physical inventory will be performed every two years as required.
- 3) The Director of Technology and Business Manager corrected the recording error.
- 4) The corrective actions have been implemented immediately.



Dr. Judi Hendrix
Superintendent



Vivian Norman
Business Manager/Treasurer

WESTERN BOONE COUNTY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 25, 2014, with Vivian Norman, Treasurer; Dr. Judi Hendrix, Superintendent of Schools; Jane Taylor, Assistant Principal/Food Service Director; and Rick R. Davis, Vice President of the School Board. The Official Response has been made a part of this report and may be found on page 52.

March 25, 2014

The Western Boone School Corporation would like to respond to the comment denoted on the audit report of July 1, 2011 to June 30, 2013.

AVERAGE DAILY MEMBERSHIP (ADM) – Lack of Records

The Western Boone School Corporation takes the stand that all supporting documentation for the Average Daily Membership (ADM) report was available. The building level officials do approve the documentation; however, we failed to obtain a written signature or email which provided proof of their review. All parties have been notified and corrective action is in place for future reports.



Dr. Judi Hendrix
Superintendent



Vivian Norman
Business Manager/Treasurer