

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WEST CENTRAL SCHOOL CORPORATION
PULASKI COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
06/16/2016

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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	18-29
Schedule of Payables and Receivables	30
Schedule of Leases and Debt	31
Schedule of Capital Assets.....	33
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	36-38
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Findings and Questioned Costs	43-50
Auditee Prepared Document:	
Corrective Action Plan	52-54
Other Report	55

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pamela S. Ledford	07-01-12 to 06-30-16
Superintendent of Schools	Charles R. Mellon Don Street	07-01-12 to 06-30-14 07-01-14 to 06-30-16
President of the School Board	Jeff Tanner Jim Bergens David Allen Jeff Lowry	07-01-12 to 12-31-13 01-01-14 to 12-31-15 01-01-16 to 05-06-16 05-07-16 to 12-31-16



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

TO: THE OFFICIALS OF THE WEST CENTRAL SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the West Central School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 5, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is May 11, 2016, 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.


Paul D. Joyce, CPA
State Examiner

February 5, 2015, except for the Schedule of Expenditures
of Federal Awards, as to which the date is May 11, 2016



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 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 WEST CENTRAL SCHOOL CORPORATION, PULASKI 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 West Central School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 5, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is May 11, 2016, 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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*.

West Central School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying 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

February 5, 2015, except for the Schedule of Expenditures
of Federal Awards, as to which the date is May 11, 2016

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

(This page intentionally left blank.)

WEST CENTRAL SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 1,715,053	\$ 6,062,869	\$ 6,247,575	\$ (1,795)	\$ 1,528,552	\$ 5,962,343	\$ 6,183,142	\$ (2,774)	\$ 1,304,979
Debt Service	449,706	682,967	600,000	(9,086)	523,587	726,277	597,500	-	652,364
Capital Projects	458,806	652,913	561,694	(7,919)	542,106	822,214	832,236	(80,000)	452,084
School Transportation	193,388	420,197	454,964	47,782	206,403	446,148	451,307	274	201,518
School Bus Replacement	225,464	131,147	149,552	(3,570)	203,489	122,068	151,108	-	174,449
Rainy Day	972,246	-	5,590	-	966,656	-	156,405	80,000	890,251
Post-Retirement/Severance Future Benefits	-	-	4,900	4,900	-	-	2,300	2,300	-
School Lunch	275,875	529,522	422,587	-	382,810	512,397	665,271	-	229,936
Textbook Rental	144,742	80,590	99,638	-	125,694	79,478	16,335	-	188,837
Levy Excess	19,080	8,401	-	(27,207)	274	-	-	(274)	-
Joint Services and Supply - Special Education Cooperative	285,813	371,793	359,876	7,106	304,836	390,455	411,854	7,256	290,693
COOP J.S. Pre-School	410,422	432,120	324,470	-	518,072	429,344	308,525	-	638,891
Boswell Elementary	115	3,230	2,991	-	354	2,510	2,378	-	486
Demotte Preschool	518	5,667	3,765	-	2,420	5,122	5,619	-	1,723
Monnett Preschool	215	1,850	1,758	-	307	2,550	2,672	-	185
South Newton Preschool	1,218	5,275	4,181	-	2,312	6,150	5,924	-	2,538
Frontier Preschool	-	-	-	-	-	3,525	3,038	-	487
Miscellaneous Programs	21,255	15,000	17,975	-	18,280	16,000	17,781	-	16,499
Jasper County REMC	-	500	398	-	102	-	-	-	102
Jasper Foundation	-	-	-	-	-	1,000	-	-	1,000
Building Maintenance Fund	-	-	-	-	-	13,070	-	-	13,070
Wind Turbine Maintenance	-	67,000	-	-	67,000	-	-	-	67,000
REMC Grant-Metzger	51	750	18	-	783	-	360	-	423
REMC Grant-Stradling	3,370	-	446	-	2,924	-	236	-	2,688
Local Drug Free Commission	801	-	202	-	599	223	289	-	533
Gifted/Talented 08-09	2,576	-	2,576	-	-	-	-	-	-
Gifted/Talented 09-10	-	27,397	23,434	-	3,963	-	3,963	-	-
G/T High Ability 10-11	-	-	-	-	-	26,924	23,837	-	3,087
Medicaid Reimbursement	2,262	7,919	-	(10,181)	-	10,532	-	(6,776)	3,756
Non-English Speaking Programs P.L. 273-1999	30	1,908	1,738	-	200	2,090	2,290	-	-
School Technology	7,708	64,667	70,677	-	1,698	63,304	70,943	-	(5,941)
Title I - Proj. 14-6630	-	-	-	-	-	99,101	112,507	-	(13,406)
Title I - Proj. 12-6630	(19,916)	36,056	16,140	-	-	-	-	-	-
Title I - Proj. 13-6630	-	114,384	131,629	-	(17,245)	33,748	16,503	-	-
Payroll Clearing	136,116	2,764,351	2,817,659	-	82,808	2,718,972	2,722,336	-	79,444
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	486	-	(486)	64,867	64,381	-	-
Spec Ed Improv Award-BC	(22,020)	68,111	46,091	-	-	27,172	30,394	-	(3,222)
Spec Ed Improv Award-FR	(20,738)	67,715	46,977	-	-	-	-	-	-
Spec Ed Improv Award-KV	(20,927)	67,815	46,888	-	-	-	-	-	-
Spec Ed Improv Award-NN	(20,820)	67,726	46,906	-	-	-	-	-	-
Spec Ed Improv Award-RC	(21,020)	68,015	46,995	-	-	-	-	-	-
Spec Ed Improv Award-SN	(20,720)	67,693	46,973	-	-	-	-	-	-
Spec Ed Improv Award-TC	(20,720)	67,613	46,893	-	-	-	-	-	-
Spec Ed Improv Award-WC	(20,970)	67,867	46,897	-	-	-	-	-	-
Spec Ed 14212-051-PN01	(262,414)	1,015,811	763,540	-	(10,143)	-	(10,143)	-	-
Spec Ed14213-051-PN01	-	1,989,913	2,239,472	-	(249,559)	880,762	644,699	-	(13,496)
Spec Ed 14214-051-PN01	-	-	-	-	-	2,071,619	2,366,634	-	(295,015)
Preschool 54712-051-PN01	(12,172)	49,718	37,546	-	-	-	-	-	-
Preschool 54713-051-PN01	-	82,455	91,490	-	(9,035)	44,620	35,585	-	-
Preschool 54714-051-PN01	-	-	-	-	-	85,701	95,241	-	(9,540)
Medicaid Reimbursement - Federal	21,662	14,783	1,956	-	34,489	18,799	10,882	-	42,406
Improving Teaching Quality, No Child Left, Title II, Part A	(3,976)	29,032	25,557	-	(501)	39,351	41,951	-	(3,101)
Education Jobs	(10,620)	26,282	15,662	-	-	-	-	-	-
Totals	<u>\$ 4,871,459</u>	<u>\$ 16,239,022</u>	<u>\$ 15,876,762</u>	<u>\$ 30</u>	<u>\$ 5,233,749</u>	<u>\$ 15,728,436</u>	<u>\$ 16,046,483</u>	<u>\$ 6</u>	<u>\$ 4,915,708</u>

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

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

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.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

WEST CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Cooperative School Services - Capital Lease

West Central School Corporation is the Local Educational Agency (LEA) for Cooperative School Services (Coop) which supplies special educational services to students. It is a joint venture with nine area schools. The Coop leases a building from Cooperative School Services Building Corporation. The principal balance of the lease was \$849,568 at June 30, 2014. Each of the member schools is responsible for a portion of the debt and makes semiannual payments to the Coop who in turn makes the debt payment. The amount each school is responsible for is a percentage of the debt payment calculated every five years according to ADM figures provided to the Indiana Department of Education. West Central School Corporation's portion of this debt is shown on the accompanying Schedule of Leases and Debt.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds that are set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 and/or 2014.

OTHER INFORMATION - UNAUDITED

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. Additionally some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

WEST CENTRAL 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	Post-Retirement/ Severance Future Benefits	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,715,053	\$ 449,706	\$ 458,806	\$ 193,388	\$ 225,464	\$ 972,246	\$ -	\$ 275,875	\$ 144,742
Receipts:									
Local sources	92,684	682,967	652,913	420,197	131,147	-	-	204,504	44,262
Intermediate sources	29,295	-	-	-	-	-	-	-	-
State sources	5,937,723	-	-	-	-	-	-	5,178	36,328
Federal sources	-	-	-	-	-	-	-	319,840	-
Other	3,167	-	-	-	-	-	-	-	-
Total receipts	6,062,869	682,967	652,913	420,197	131,147	-	-	529,522	80,590
Disbursements:									
Current:									
Instruction	4,033,825	-	-	-	-	-	-	-	-
Support services	1,997,250	-	259,470	454,964	149,552	5,590	4,900	-	99,638
Noninstructional services	106,500	-	-	-	-	-	-	422,587	-
Facilities acquisition and construction	-	-	302,224	-	-	-	-	-	-
Debt services	110,000	600,000	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,247,575	600,000	561,694	454,964	149,552	5,590	4,900	422,587	99,638
Excess (deficiency) of receipts over disbursements	(184,706)	82,967	91,219	(34,767)	(18,405)	(5,590)	(4,900)	106,935	(19,048)
Other financing sources (uses):									
Sale of capital assets	30	-	-	-	-	-	-	-	-
Transfers in	10,181	-	-	53,888	-	-	4,900	-	-
Transfers out	(12,006)	(9,086)	(7,919)	(6,106)	(3,570)	-	-	-	-
Total other financing sources (uses)	(1,795)	(9,086)	(7,919)	47,782	(3,570)	-	4,900	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(186,501)	73,881	83,300	13,015	(21,975)	(5,590)	-	106,935	(19,048)
Cash and investments - ending	\$ 1,528,552	\$ 523,587	\$ 542,106	\$ 206,403	\$ 203,489	\$ 966,656	\$ -	\$ 382,810	\$ 125,694

WEST CENTRAL 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)

	Levy Excess	Joint Services and Supply - Special Education Cooperative	COOP J.S. Pre-School	Boswell Elementary	Demotte Preschool	Monnett Preschool	South Newton Preschool	Frontier Preschool	Miscellaneous Programs
Cash and investments - beginning	\$ 19,080	\$ 285,813	\$ 410,422	\$ 115	\$ 518	\$ 215	\$ 1,218	\$ -	\$ 21,255
Receipts:									
Local sources	8,401	371,793	432,120	3,230	5,667	1,850	5,275	-	15,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	8,401	371,793	432,120	3,230	5,667	1,850	5,275	-	15,000
Disbursements:									
Current:									
Instruction	-	10,237	231,531	2,991	3,765	1,758	4,181	-	17,975
Support services	-	212,153	92,939	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	137,486	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	359,876	324,470	2,991	3,765	1,758	4,181	-	17,975
Excess (deficiency) of receipts over disbursements	8,401	11,917	107,650	239	1,902	92	1,094	-	(2,975)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	26,681	8,356	-	-	-	-	-	-	-
Transfers out	(53,888)	(1,250)	-	-	-	-	-	-	-
Total other financing sources (uses)	(27,207)	7,106	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,806)	19,023	107,650	239	1,902	92	1,094	-	(2,975)
Cash and investments - ending	\$ 274	\$ 304,836	\$ 518,072	\$ 354	\$ 2,420	\$ 307	\$ 2,312	\$ -	\$ 18,280

WEST CENTRAL 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)

	Jasper County REMC	Jasper Foundation	Building Maintenance Fund	Wind Turbine Maintenance	REMC Grant-Metzger	REMC Grant-Stradling	Local Drug Free Commission	Gifted/Talented 08-09	Gifted/Talented 09-10
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 51	\$ 3,370	\$ 801	\$ 2,576	\$ -
Receipts:									
Local sources	500	-	-	67,000	750	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	27,397
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	500	-	-	67,000	750	-	-	-	27,397
Disbursements:									
Current:									
Instruction	-	-	-	-	18	446	202	2,576	23,434
Support services	398	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	398	-	-	-	18	446	202	2,576	23,434
Excess (deficiency) of receipts over disbursements	102	-	-	67,000	732	(446)	(202)	(2,576)	3,963
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	102	-	-	67,000	732	(446)	(202)	(2,576)	3,963
Cash and investments - ending	\$ 102	\$ -	\$ -	\$ 67,000	\$ 783	\$ 2,924	\$ 599	\$ -	\$ 3,963

WEST CENTRAL 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)

	G/T High Ability 10-11	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I - Proj. 14-6630	Title I - Proj. 12-6630	Title I - Proj. 13-6630	Payroll Clearing	(IDEA, Part B) LEA Capacity Building (Silver) Grants
Cash and investments - beginning	\$ -	\$ 2,262	\$ 30	\$ 7,708	\$ -	\$ (19,916)	\$ -	\$ 136,116	\$ -
Receipts:									
Local sources	-	-	-	61,766	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	7,919	1,908	2,901	-	-	-	-	-
Federal sources	-	-	-	-	-	36,056	114,384	-	-
Other	-	-	-	-	-	-	-	2,764,351	-
Total receipts	-	7,919	1,908	64,667	-	36,056	114,384	2,764,351	-
Disbursements:									
Current:									
Instruction	-	-	1,738	-	-	12,771	101,619	-	486
Support services	-	-	-	70,677	-	3,276	26,201	-	-
Noninstructional services	-	-	-	-	-	93	3,809	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	2,817,659	-
Total disbursements	-	-	1,738	70,677	-	16,140	131,629	2,817,659	486
Excess (deficiency) of receipts over disbursements	-	7,919	170	(6,010)	-	19,916	(17,245)	(53,308)	(486)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(10,181)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(10,181)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,262)	170	(6,010)	-	19,916	(17,245)	(53,308)	(486)
Cash and investments - ending	\$ -	\$ -	\$ 200	\$ 1,698	\$ -	\$ -	\$ (17,245)	\$ 82,808	\$ (486)

WEST CENTRAL 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)

	Spec Ed Improv Award-BC	Spec Ed Improv Award-FR	Spec Ed Improv Award-KV	Spec Ed Improv Award-NN	Spec Ed Improv Award-RC	Spec Ed Improv Award-SN	Spec Ed Improv Award-TC	Spec Ed Improv Award-WC	Spec Ed 14212-051-PN01
Cash and investments - beginning	\$ (22,020)	\$ (20,738)	\$ (20,927)	\$ (20,820)	\$ (21,020)	\$ (20,720)	\$ (20,720)	\$ (20,970)	\$ (262,414)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	4,880
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	68,111	67,715	67,815	67,726	68,015	67,693	67,613	67,867	1,010,931
Other	-	-	-	-	-	-	-	-	-
Total receipts	68,111	67,715	67,815	67,726	68,015	67,693	67,613	67,867	1,015,811
Disbursements:									
Current:									
Instruction	46,091	46,977	46,888	46,906	46,995	46,973	46,893	46,897	233,873
Support services	-	-	-	-	-	-	-	-	529,667
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	46,091	46,977	46,888	46,906	46,995	46,973	46,893	46,897	763,540
Excess (deficiency) of receipts over disbursements	22,020	20,738	20,927	20,820	21,020	20,720	20,720	20,970	252,271
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,020	20,738	20,927	20,820	21,020	20,720	20,720	20,970	252,271
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,143)

WEST CENTRAL 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)

	Spec Ed 14213-051-PN01	Spec Ed 14214-051-PN01	Preschool 54712-051-PN01	Preschool 54713-051-PN01	Preschool 54714-051-PN01	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (12,172)	\$ -	\$ -	\$ 21,662	\$ (3,976)	\$ (10,620)	\$ 4,871,459
Receipts:									
Local sources	-	-	-	-	-	-	125	-	3,207,031
Intermediate sources	-	-	-	-	-	-	-	-	29,295
State sources	-	-	-	-	-	-	-	-	6,019,354
Federal sources	1,989,913	-	49,718	82,455	-	14,783	28,907	26,282	4,215,824
Other	-	-	-	-	-	-	-	-	2,767,518
Total receipts	1,989,913	-	49,718	82,455	-	14,783	29,032	26,282	16,239,022
Disbursements:									
Current:									
Instruction	647,287	-	-	-	-	-	5,416	15,662	5,726,411
Support services	1,592,185	-	37,546	91,490	-	1,956	20,141	-	5,649,993
Noninstructional services	-	-	-	-	-	-	-	-	532,989
Facilities acquisition and construction	-	-	-	-	-	-	-	-	302,224
Debt services	-	-	-	-	-	-	-	-	847,486
Nonprogrammed Charges	-	-	-	-	-	-	-	-	2,817,659
Total disbursements	2,239,472	-	37,546	91,490	-	1,956	25,557	15,662	15,876,762
Excess (deficiency) of receipts over disbursements	(249,559)	-	12,172	(9,035)	-	12,827	3,475	10,620	362,260
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	30
Transfers in	-	-	-	-	-	-	-	-	104,006
Transfers out	-	-	-	-	-	-	-	-	(104,006)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	30
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(249,559)	-	12,172	(9,035)	-	12,827	3,475	10,620	362,290
Cash and investments - ending	\$ (249,559)	\$ -	\$ -	\$ (9,035)	\$ -	\$ 34,489	\$ (501)	\$ -	\$ 5,233,749

WEST CENTRAL SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/ Severance Future Benefits	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,528,552	\$ 523,587	\$ 542,106	\$ 206,403	\$ 203,489	\$ 966,656	\$ -	\$ 382,810	\$ 125,694
Receipts:									
Local sources	126,425	726,277	810,791	445,767	122,068	-	-	204,353	45,081
Intermediate sources	27,574	-	-	-	-	-	-	-	-
State sources	5,808,344	-	-	-	-	-	-	4,922	34,397
Federal sources	-	-	-	-	-	-	-	303,122	-
Other	-	-	11,423	381	-	-	-	-	-
Total receipts	5,962,343	726,277	822,214	446,148	122,068	-	-	512,397	79,478
Disbursements:									
Current:									
Instruction	4,008,983	-	-	-	-	-	-	-	-
Support services	1,944,348	-	368,411	451,307	151,108	156,405	2,300	-	16,335
Noninstructional services	109,811	-	-	-	-	-	-	665,271	-
Facilities acquisition and construction	-	-	463,825	-	-	-	-	-	-
Debt services	120,000	597,500	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,183,142	597,500	832,236	451,307	151,108	156,405	2,300	665,271	16,335
Excess (deficiency) of receipts over disbursements	(220,799)	128,777	(10,022)	(5,159)	(29,040)	(156,405)	(2,300)	(152,874)	63,143
Other financing sources (uses):									
Sale of capital assets	6	-	-	-	-	-	-	-	-
Transfers in	6,776	-	-	274	-	80,000	2,300	-	-
Transfers out	(9,556)	-	(80,000)	-	-	-	-	-	-
Total other financing sources (uses)	(2,774)	-	(80,000)	274	-	80,000	2,300	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(223,573)	128,777	(90,022)	(4,885)	(29,040)	(76,405)	-	(152,874)	63,143
Cash and investments - ending	\$ 1,304,979	\$ 652,364	\$ 452,084	\$ 201,518	\$ 174,449	\$ 890,251	\$ -	\$ 229,936	\$ 188,837

WEST CENTRAL SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Levy Excess	Joint Services and Supply - Special Education Cooperative	COOP J.S. Pre-School	Boswell Elementary	Demotte Preschool	Monnett Preschool	South Newton Preschool	Frontier Preschool	Miscellaneous Programs
Cash and investments - beginning	\$ 274	\$ 304,836	\$ 518,072	\$ 354	\$ 2,420	\$ 307	\$ 2,312	\$ -	\$ 18,280
Receipts:									
Local sources	-	390,455	429,344	2,510	5,122	2,550	6,150	3,525	16,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	390,455	429,344	2,510	5,122	2,550	6,150	3,525	16,000
Disbursements:									
Current:									
Instruction	-	11,000	181,548	2,378	5,819	2,672	5,924	3,038	17,781
Support services	-	263,368	126,977	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	137,486	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	411,854	308,525	2,378	5,819	2,672	5,924	3,038	17,781
Excess (deficiency) of receipts over disbursements	-	(21,399)	120,819	132	(697)	(122)	226	487	(1,781)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	8,356	-	-	-	-	-	-	-
Transfers out	(274)	(1,100)	-	-	-	-	-	-	-
Total other financing sources (uses)	(274)	7,256	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(274)	(14,143)	120,819	132	(697)	(122)	226	487	(1,781)
Cash and investments - ending	\$ -	\$ 290,693	\$ 638,891	\$ 486	\$ 1,723	\$ 185	\$ 2,538	\$ 487	\$ 16,499

WEST CENTRAL SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Jasper County REMC	Jasper Foundation	Building Maintenance Fund	Wind Turbine Maintenance	REMC Grant-Metzger	REMC Grant-Stradling	Local Drug Free Commission	Gifted/Talented 08-09	Gifted/Talented 09-10
Cash and investments - beginning	\$ 102	\$ -	\$ -	\$ 67,000	\$ 783	\$ 2,924	\$ 599	\$ -	\$ 3,963
Receipts:									
Local sources	-	1,000	13,070	-	-	-	223	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,000	13,070	-	-	-	223	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	360	236	289	-	3,963
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	360	236	289	-	3,963
Excess (deficiency) of receipts over disbursements	-	1,000	13,070	-	(360)	(236)	(66)	-	(3,963)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,000	13,070	-	(360)	(236)	(66)	-	(3,963)
Cash and investments - ending	\$ 102	\$ 1,000	\$ 13,070	\$ 67,000	\$ 423	\$ 2,688	\$ 533	\$ -	\$ -

WEST CENTRAL SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	G/T High Ability 10-11	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	School Technology	Title I - Proj. 14-6630	Title I - Proj. 12-6630	Title I - Proj. 13-6630	Payroll Clearing	(IDEA, Part B) LEA Capacity Building (Silver) Grants
Cash and investments - beginning	\$ -	\$ -	\$ 200	\$ 1,698	\$ -	\$ -	\$ (17,245)	\$ 82,808	\$ (486)
Receipts:									
Local sources	-	-	-	60,407	-	-	-	-	486
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	26,924	10,532	2,090	2,897	-	-	-	-	-
Federal sources	-	-	-	-	99,101	-	33,748	-	64,381
Other	-	-	-	-	-	-	-	2,718,972	-
Total receipts	26,924	10,532	2,090	63,304	99,101	-	33,748	2,718,972	64,867
Disbursements:									
Current:									
Instruction	23,837	-	2,290	-	84,151	-	13,302	-	64,381
Support services	-	-	-	70,943	25,788	-	3,201	-	-
Noninstructional services	-	-	-	-	2,568	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	2,722,336	-
Total disbursements	23,837	-	2,290	70,943	112,507	-	16,503	2,722,336	64,381
Excess (deficiency) of receipts over disbursements	3,087	10,532	(200)	(7,639)	(13,406)	-	17,245	(3,364)	486
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(6,776)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(6,776)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,087	3,756	(200)	(7,639)	(13,406)	-	17,245	(3,364)	486
Cash and investments - ending	\$ 3,087	\$ 3,756	\$ -	\$ (5,941)	\$ (13,406)	\$ -	\$ -	\$ 79,444	\$ -

WEST CENTRAL SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Spec Ed Improv Award-BC	Spec Ed Improv Award-FR	Spec Ed Improv Award-KV	Spec Ed Improv Award-NN	Spec Ed Improv Award-RC	Spec Ed Improv Award-SN	Spec Ed Improv Award-TC	Spec Ed Improv Award-WC	Spec Ed 14212-051-PN01
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,143)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	27,172	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	27,172	-	-	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	30,394	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	(10,143)
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed Charges	-	-	-	-	-	-	-	-	-
Total disbursements	30,394	-	-	-	-	-	-	-	(10,143)
Excess (deficiency) of receipts over disbursements	(3,222)	-	-	-	-	-	-	-	10,143
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,222)	-	-	-	-	-	-	-	10,143
Cash and investments - ending	\$ (3,222)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WEST CENTRAL SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Spec Ed 14213-051-PN01	Spec Ed 14214-051-PN01	Preschool 54712-051-PN01	Preschool 54713-051-PN01	Preschool 54714-051-PN01	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Education Jobs	Totals
Cash and investments - beginning	\$ (249,559)	\$ -	\$ -	\$ (9,035)	\$ -	\$ 34,489	\$ (501)	\$ -	\$ 5,233,749
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,411,604
Intermediate sources	-	-	-	-	-	-	-	-	27,574
State sources	-	-	-	-	-	-	-	-	5,890,106
Federal sources	880,762	2,071,619	-	44,620	85,701	18,799	39,351	-	3,668,376
Other	-	-	-	-	-	-	-	-	2,730,776
Total receipts	880,762	2,071,619	-	44,620	85,701	18,799	39,351	-	15,728,436
Disbursements:									
Current:									
Instruction	248,409	715,516	-	-	-	9,652	-	-	5,435,923
Support services	396,290	1,651,118	-	35,585	95,241	1,230	41,951	-	5,791,763
Noninstructional services	-	-	-	-	-	-	-	-	777,650
Facilities acquisition and construction	-	-	-	-	-	-	-	-	463,825
Debt services	-	-	-	-	-	-	-	-	854,986
Nonprogrammed Charges	-	-	-	-	-	-	-	-	2,722,336
Total disbursements	644,699	2,366,634	-	35,585	95,241	10,882	41,951	-	16,046,483
Excess (deficiency) of receipts over disbursements	236,063	(295,015)	-	9,035	(9,540)	7,917	(2,600)	-	(318,047)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	6
Transfers in	-	-	-	-	-	-	-	-	97,706
Transfers out	-	-	-	-	-	-	-	-	(97,706)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	6
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	236,063	(295,015)	-	9,035	(9,540)	7,917	(2,600)	-	(318,041)
Cash and investments - ending	\$ (13,496)	\$ (295,015)	\$ -	\$ -	\$ (9,540)	\$ 42,406	\$ (3,101)	\$ -	\$ 4,915,708

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 223,330</u>	<u>\$ -</u>

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Cooperative School Services Building Corporation	Cooperative Building	\$ 9,605	7/1/2007	1/1/2022

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Middle School addition & remodel existing buildings		\$ 2,790,000	\$ 605,605
General obligation bonds	Wind Turbine		2,470,000	173,233
Totals			\$ 5,260,000	\$ 778,838

(This page intentionally left blank.)

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 130,000
Infrastructure	2,543,905
Buildings	17,278,164
Improvements other than buildings	300,892
Machinery, equipment, and vehicles	<u>7,618,310</u>
Total capital assets	<u>\$ 27,871,271</u>

(This page intentionally left blank.)

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 WEST CENTRAL SCHOOL CORPORATION, PULASKI COUNTY, INDIANA

Report on Compliance for Each Major Federal Programs

We have audited the West Central 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, 2012 to June 30, 2014. 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 the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

This report replaces the previously issued Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance dated February 5, 2015. The Schedule of Expenditures of Federal Awards has been revised to correct a misstatement. This correction changed the determination of the major programs. The Child Nutrition Cluster was also audited as a major program due to the change.

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-004 and 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying 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 the 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 2014-002, 2014-003, 2014-004, and 2014-005 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 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

February 5, 2015, except the Child Nutrition Cluster,
as to which the date is May 11, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

(This page intentionally left blank.)

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	6630	\$ 77,323	\$ 72,075
National School Lunch Program	Indiana Department of Education	10.555	6630	278,000	262,400
Summer Food Service Program For Children	Indiana Department of Education	10.559	6630	<u>778</u>	<u>2,121</u>
Total - Department of Agriculture				<u>356,101</u>	<u>336,596</u>
Department of Education					
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
Part B IDEA Regular			14212-051-PN01	79,640	-
			14213-051-PN01	152,228	67,378
			14214-051-PN01	-	145,635
			99914-051-TA01	-	1,913
Technical Assistance					
Improvement Award			5258-A58-3-13DL-0099	67,867	-
Improvement Award			5250-A58-3-13DL-1449	<u>-</u>	<u>64,381</u>
Total - Special Education - Grants to States				<u>299,735</u>	<u>279,307</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173			
Part B 619			54712-051-PN01	4,022	-
			54713-051-PN01	6,646	3,596
			54714-051-PN01	<u>-</u>	<u>6,590</u>
Total - Special Education - Preschool Grant				<u>10,668</u>	<u>10,186</u>
Total - Special Education Cluster				<u>310,403</u>	<u>289,493</u>
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-6630	36,056	-
			13-6630	114,384	33,748
			14-6630	<u>-</u>	<u>99,101</u>
Total - Title I, Part A Cluster				<u>150,440</u>	<u>132,849</u>
Improving Teacher Quality State Grants					
6840-Title II Part A	Indiana Department of Education	84.367			
6840-Title II PartA			11-6630	9,716	7,211
			12-6630	<u>19,191</u>	<u>32,140</u>
Total - Improving Teacher Quality State Grants				<u>28,907</u>	<u>39,351</u>
Education Jobs Fund					
7965-6630	Indiana Department of Education	84.410			
			11-6630	<u>26,282</u>	<u>-</u>
Total - Department of Education				<u>516,032</u>	<u>461,693</u>
Total federal awards expended				<u>\$ 872,133</u>	<u>\$ 798,289</u>

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

WEST CENTRAL SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2013</u>	<u>2014</u>
National School Lunch Program	10.555	<u>\$ 36,261</u>	<u>\$ 33,475</u>

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFA's of the member school corporations as appropriate.

WEST CENTRAL 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:	Unmodified
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 Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts and some disbursements. One person is responsible for issuing, recording, depositing, and reconciling receipts. There is also one employee responsible for issuing, recording, and reconciling disbursements for the School Lunch fund. There is no segregation of duties, including no oversight, review, or approval process. We believe these deficiencies constitute material weaknesses:

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A. The School Corporation Treasurer receives cash, posts cash transactions to the ledger, prepares the deposit slip, takes the deposit to the bank, and reconciles the bank account for all funds received at the School Corporation.

B. The Assistant Corporation Treasurer receives cash, posts cash transactions to the ledger, prepares the deposit slip, takes the deposit to the bank, and reconciles the bank account for all funds received for the Special Education Co-op.

C. The Extra-Curricular Treasurer receives cash, posts cash transactions to the ledger, prepares the deposit slip, takes the deposit to the bank, and reconciles the bank account for all funds received for the School Lunch fund.

D. The Extra-Curricular Treasurer issues checks, records the disbursements, and reconciles the bank account for the School Lunch fund.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the financial statement 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 financial transactions and reporting. 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.

The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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 2014-002 - INTERNAL CONTROLS OVER CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States and Special Education - Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers: 14212-051-PN01, 14213-051-PN01, 14214-051-PN01, 99914-051-TA01, 5251-A58-3-13DL-0039, 5252-A58-3-13DL-0123, 5253-A58-3-13DL-0064, 5254-A58-3-13DL-0091, 5255-A58-3-13DL-0065, 5256-A58-3-13DL-0092, 5257-A58-3-13DL-0126, 5258-A58-3-13DL-0099, 5250-A58-3-13DL-1449, 54712-051-PN01, 54713-051-PN01, 54714-051-PN01

Pass-Through Entity: Indiana Department of Education

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Cash Management and Reporting compliance requirements that have a direct and material effect on the programs.

Requests for reimbursement reports were required to be submitted to receive grant funding. Requests are prepared by the Special Education Co-op Treasurer and properly filed with the Indiana Department of Education. However, the reports are not verified by anyone prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

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 program.

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 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 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 compliance requirements listed above.

FINDING 2014-003 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Number (or Other Identifying Number): 6630

Pass-Through Entity: Indiana Department of Education

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Activities Allowed, Allowable Costs, Equipment and Real Property Management, Eligibility, Reporting, and Special Tests and Provisions - Verification of Free

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

and Reduced Price Applications requirements. The failure to establish an effective internal control system placed 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 programs.

Activities Allowed, Allowable Costs

The School Corporation had not designed or implemented adequate policies and procedures to ensure that expenditures were for an allowable activity or for allowable costs of the programs. Vendor expenditures from the School Lunch fund were approved and paid solely by the Extra-Curricular Treasurer (ECA) without an oversight, review, or approval process. Payroll expenditures were paid at the School Corporation based on a spreadsheet documenting the time and effort of personnel. After processing payroll, the School Corporation returned a payroll distribution report to the ECA; however, no review of the distribution report was documented. There were no segregation of duties, such as oversight, review, or an approval process.

Equipment and Real Property Management

The School Corporation has not designed or implemented adequate policies and procedures to ensure that equipment purchased with federal program funds was properly recorded in the School Corporation's capital asset records.

Eligibility

The School Corporation had not designed or implemented adequate policies and procedures to ensure that determinations of eligibility for free and reduced price meals were accurate. There was no segregation of duties, such as an oversight, review, or approval process.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that all required reports were accurate. One employee was solely responsible for preparing and submitting all required reports. There was no segregation of duties, such as an oversight, review, or approval process.

Special Tests and Provisions - Verification of Free and Reduced Price Applications

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the verifications of free and reduced price meal applications were accurately determined. An oversight, review, or approval process had not been established.

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 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.

WEST CENTRAL 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 with the grant agreement or the compliance requirements 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 compliance requirements listed above.

FINDING 2014-004 - CASH MANAGEMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Number (or Other Identifying Number): 6630

Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements for Cash Management. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances are limited to three months' average expenditures in compliance with Cash Management requirements. There is no oversight, review, or monitoring of the cash balances.

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 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 programs. 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.

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Compliance

The cash balance in the School Lunch fund exceeded average expenditures for three months for 23 out of 24 months of the audit period. For the 2012-2013 school year, the average expenditures for three months was \$135,776, the average monthly cash balance was \$363,942. For the 2013-2014 school year, the average expenditures for three months was \$200,781, the average monthly cash balance was \$293,979.

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."

7 CFR 220.7(e)(iv) states: "Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency"

7 CFR 210.14(b) states in part: "The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food or such other amount as may be approved in accordance with §210.19(a); . . ."

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Cash Management requirements. In addition, we recommended that the School Corporation comply with the Cash Management requirements.

FINDING 2014-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Number (or Other Identifying Number): 6630
Pass-Through Entity: Indiana Department of Education

Internal Controls

The School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements for Special Tests and Provisions - Paid Lunch Equity. 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 program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that paid lunch equity was properly determined and implemented, or that supporting documentation for compliance with paid lunch equity was retained for audit. There was no segregation of duties, such as an oversight, review, or approval process.

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 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.

Compliance

The School Corporation did not comply with the paid lunch equity requirements. The School Corporation did not complete the required paid lunch equity calculations and retain the written calculations for audit for the 2013-2014 school year. We could not determine if the requirements for paid lunch equity were met for that school year because of the lack of documentation provided for audit.

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
- (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
- (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section
...

7 CFR 210.15 states in part:

"(b) *Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e); . . ."

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."

WEST CENTRAL SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Special Tests and Provisions - Paid Lunch Equity requirements of the program.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

West Central School Corporation

117 E. Montgomery Street
P.O. Box 578
Francesville, IN 47946

"Encourage Every Student Every Day" *Engage *Empower *Educate

Phone 219-567-9161
Fax 219-567-9761

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Don Street and Pam Ledford
Contact Phone Number: 219-567-9161

Description of Corrective Action Plan:

Another employee in the office will review deposit slip, deposit at the bank, and review reconciliation of bank account. This will be for the West Central School Corporation and the Co-op.

Another employee will review deposit slip, deposit at the bank, and review reconciliation of School Lunch Fund maintained in the extra-curricular account. Also, disbursement documentation will be reviewed by another employee prior to issuing the check.

A review of the internal control system will be conducted.

Anticipated Completion Date: February 15, 2015

FINDING 2014-002

Contact Person Responsible for Corrective Action: Don Street and Pam Ledford
Contact Phone Number: 219-567-9161

Description of Corrective Action Plan:

We will improve our system of internal control by having All Requests for Reimbursements reviewed and signed by the treasurer or assistant treasurer prior to submission.

Anticipated Completion Date: February 15, 2015



Superintendent



West Central School Corporation

117 E. Montgomery Street
P.O. Box 578
Francesville, IN 47946

"Encourage Every Student Every Day" *Engage *Empower *Educate

Phone 219-567-9161
Fax 219-567-9761

CORRECTIVE ACTION PLAN

FINDING 2014-003 – INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Contact Person Responsible for Corrective Action: Don Street, Pam Ledford, Extra-curricular treasurer, and Jessica Murray.
Contact Phone Number: 219-567-9161

Description of Corrective Action Plan:

Vendor disbursement documentation will be reviewed by another employee prior to issuing the check. Payroll expenditures will be reviewed by another employee prior to issuing the check.

A review of the internal control system will be conducted.

General Fixed asset accounting practices shall be handled in accordance with the guidelines of the State Board of Accounts. Individual items with an original value of more than \$5,000 shall be recorded. The general fixed asset accounting information shall be updated annually by the building principal, reviewed by another employee and submitted to the Superintendent's office.

Another employee in the school will review determinations of eligibility for free and reduced priced meals are accurate.

Another employee in the school will review verifications for free and reduced priced meals for accuracy.

Another employee will review all required reports are accurate before submitting.

Anticipated Completion Date: July 1, 2016

FINDING 2014-004 – CASH MANAGEMENT

Contact Person Responsible for Corrective Action: Don Street, Pam Ledford, Extra-Curricular Treasurer, and Jessica Murray
Contact Phone Number: 219-567-9161

Description of Corrective Action Plan:

The cafeteria manager and treasurer will review the three months' average expenditures in compliance with Cash Management requirements.

A review of the internal control system will be conducted.

Plans on maintaining the three months' average expenditures will be developed by the cafeteria manager and superintendent every three months.

Anticipated Completion Date: June 1, 2016

FINDING 2014-005 – SPECIAL TESTS & PROVISIONS – PAID LUNCH EQUITY

Contact Person Responsible for Corrective Action: Don Street, Pam Ledford, Extra-Curricular Treasurer, and Jessica Murray
Contact Phone Number: 219-567-9161

The cafeteria manager will maintain the required lunch equity calculations and retain the written calculations. The extra-curricular treasurer shall review the required lunch equity calculations.

Anticipated Completion Date: June 1, 2016

Don Street
Superintendent

5/11/2016
5/11/16

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.